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Opportunities, Challenges, and Future Directions

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# ARTIFICIAL INTELLIGENCE IN HEALTHCARE MANAGEMENT: OPPORTUNITIES, CHALLENGES, AND FUTURE DIRECTIONS

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## ABSTRACT

The opportunities of AI in healthcare management are unparalleled, and the technology is bound to revolutionize the healthcare industry, increasing efficiency, precision, and patient-centered care. AI is transforming the healthcare administration, and massive possibilities of improved efficiency, accuracy and patient-centered treatment exist. Through machine learning, predictive analytics and natural language processing, AI will be able to diagnose diseases fast, customize treatment plans, and offer efficiency in the administration process. The use of AI tools in healthcare organizations has led to the reduction of costs and better service delivery through resource management, clinical decision-making, and operational efficiency in healthcare organizations. More and more hospitals and medical centers adopt the tools. Many hospitals and healthcare organizations are turning to AI tools as a means of optimizing their resources, helping to support clinical decision making, and streamlining their operations, resulting in significant cost savings and improved service delivery. Nevertheless, the AI in healthcare has issues. Major concerns to the mass implementation are the privacy of data, bias in algorithms, ethical concerns and regulatory guidelines. Also, the shortage of skilled personnel and infrastructure constraints in the majority of the regions are other impediments to effective implementation of AI solutions. The future of AI in healthcare management is bright, despite the challenging future, and there are many new opportunities that could change the future of healthcare. But not everything is negative about the possibilities of AI in healthcare management, as there are several new possibilities emerging that would transform the future of healthcare. The ethical considerations and need to balance innovation and responsibility that are likely to follow the introduction of AI into the healthcare sector will be encircled by patient trust and safety concerns in the healthcare ecosystem. This paper discusses the possibilities and issues of AI in healthcare administration, and the future of the field. The opportunities of AI to transform the healthcare delivery landscape across the world are enormous, yet it should be done in an ethical and responsible manner and engage all stakeholders.

**KEYWORDS:** Artificial Intelligence, Healthcare Management, Predictive Analytics, Ethical Challenges, Future Directions

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## INTRODUCTION

Over the last couple of years, the paradigm of healthcare management has experienced a change due to rapid development of digital technology. One of the most innovative technologies that can change the role, outputs and inputs of healthcare systems among them is Artificial Intelligence (AI). AI is not just applicable in patient diagnosis since it can be helpful in administration, communication, and decision-making. Healthcare systems can be optimized, patient outcomes can be improved, and money saved through use of algorithms and predictive models (*Sarella et al., 2024*).

Among the most promising is the personalized approach to medicine that is essential as the demand towards customized healthcare keeps growing. With a machine learning model, it is possible to analyze large volumes of data to identify patterns and develop individualized treatment plans, which can serve to boost patient satisfaction and recovery rates. At the same time, AI is working on the operational management to optimize the scheduling and resources allocation and supply chain management (*Helo et al., 2022*). This will conserve time and energy of hospital and clinic staff, as it will mean more time to attend to patients and less time to write papers.

However, the application of AI in healthcare management has some challenges. The problem of data privacy, algorithm bias, and responsibility evokes the question of trust and responsibility in AI systems (*Cheng et al., 2021*). Moreover, the absence of infrastructure to support the implementation of AI solutions and shortage of trained experts make it even more difficult in terms of numerous uninfrastructure regions (*Aderibigbe et al., 2023*). The misuse or underutilization of AI technologies, which is a risk to healthcare organizations, can be caused by lack of training and governance structures.

The lack of qualified individuals to manage and interpret the AI systems further complicates the picture, particularly in less technologically advanced regions. Cost to implement and resistance to change among the healthcare providers further hampers the adoption. However, the prospects of AI in healthcare administration are still bright. The rise of explainable AI, federated learning, and human-machine collaboration are marking the beginning of a future of healthcare ecosystems that are more transparent, fair, and efficient (*Naithani et al., 2024*).

Explainable AI (XAI) improves trust with clinicians and patients and increases transparency and interpretability (*Hulsen 2023*). Along with federated learning that enables collaborative model training without compromising data privacy, human – machine collaboration emphasizes on enhancement instead of replacement of healthcare professionals. Robust governance frameworks will play an important role in setting the rules and regulations to create ethical guidelines (*Sarma et al., 2024*). These frameworks can play a role in striking the right balance between technological innovation and ethical responsibility, with the aim of safeguarding patient trust and security.

The incorporation of AI should be done in a comprehensive manner that takes into account the readiness of the healthcare workforce, the availability of the necessary infrastructure, and ethical considerations (*Saeed et al., 2025*). This facilitates innovation to match the organizational readiness and patient-centred care. Hence, this study examines the opportunities, problems, and future prospects of applying AI in health care management. It aims to highlight both the capabilities and constraints of AI, as well as the opportunities it offers to improve healthcare systems in the future and how they can be done ethically.

## REVIEW OF LITERATURE

In India, (Aruldoss *et al.*, 2021) investigated the connection between quality of work life (QWL) and work-life balance (WLB) in India, discovering that there was a negative correlation between QWL and job stress and a positive correlation between QWL and job satisfaction and commitment which indicated that the relationship between the two was partially mediated. (Chakrabarty *et al.* 2024) took this further and explored the contribution of personality and expectation on job satisfaction and organizational commitment among healthcare workers in Kolkata, which in turn has an impact on patient care and turnover reductions in the organization due to the combination of individual and organizational factors. Building on the concept of decentralized organizational structure from Buurtzorg Nederland, (Malik *et al.*, 2025) investigated how self-managed organizational structures can be implemented into home healthcare care workers in India and found that it could help empower employees, improve communication, and facilitate collaboration within the organization, which in turn could lead to better employee engagement and patient satisfaction. (Yadav *et al.*, 2022) did a systematic literature review of work-life integration, job satisfaction and employee engagement, and their impact on organizational effectiveness, suggesting that new policies of WLB have a positive effect on productivity, commitment and sustainability. (Shah *et al.*, 2023) explored transformational leadership in healthcare context in India and found that psychological capital acts as a mediator between leadership style and job attitudes, which further enhances job satisfaction and organizational commitment. In the study of South African manufacturing organizations, (Els *et al.*, 2021) found that the direct influence of QWL on turnover intention is partially mediated by organizational commitment, highlighting the strategic importance of QWL in terms of retention. (Minocha *et al.*, 2025) investigated the link between job satisfaction, QWL and organizational commitment on Indian academia, and found that job satisfaction and QWL measurably contribute to the level of organizational commitment with the QWL intervening between job satisfaction and organizational commitment, indicating that rewards, support, and career opportunities play a crucial role. (Aminizadeh *et al.*, 2022) investigated Iranian paramedics during the COVID-19 pandemic and found that employee participation, skill development, continuous learning, and job security increase the level of QWL and organizational commitment among employees even in crises. The results of these studies have converged to show that QWL and organizational commitment are interconnected constructs in different industries and are influenced by intervening variables including job stress, job satisfaction, leadership, empowerment, and organizational culture. They also point out that the character of these relationships varies across sectors such as IT, healthcare, academia and manufacturing and so the approach to workforce engagement needs to be different in each. Research confirms that improving QWL through the support of policies, participatory management, and leadership development will benefit employees' well being as well as boost organizational loyalty and effectiveness. The comparison of the IT and healthcare workforce in South India is possible from this evidence-based approach, as similar patterns of stress, satisfaction and commitment are likely to occur differently across various sectors.

## STATEMENT OF THE PROBLEM

Today, all healthcare systems are finding it difficult to meet the demands for efficient, effective and patient-centred services in the face of growing demands, constrained resources and complex medical needs. Artificial Intelligence (AI) comes as a savior with its sophisticated features in predicting clinical outcomes, providing clinical decision support, handling administrative tasks, and delivering personalized care (Alowais *et al.*, 2023). However, there are several obstacles and challenges that need to be addressed to fully realize the potential of AI in healthcare management. Data privacy, security, and confidentiality are still very important as patient information can be sensitive and susceptible to misuse and breaches (Jawad 2024). Ethical issues exist with the use of algorithms and non-transparency in AI decisions, which may result in unequal healthcare outcomes (Sarkar *et al.*, 2025). Additionally, there are ongoing regulatory uncertainties, as the rules and guidelines governing the use of AI in healthcare are still being developed (Vardas *et al.*, 2025). Moreover, there are still ongoing

regulatory uncertainties, given the evolving nature of the regulations and guidelines for using AI in the healthcare sector. One of the challenges is the lack of skilled professionals to manage and interpret AI systems, particularly in areas with fewer technological resources, such as developing regions. Cost to implement and resistance to change among the healthcare providers further hampers the adoption. Moreover, hospital information systems are not always compatible with AI systems, which causes difficulties in operations. Though the future of AI in healthcare management is bright, these obstacles should be addressed, and the use of AI should be ethical, where patient privacy, trust, and readiness of healthcare organizations should be maintained. The question is, how to balance the opportunities and challenges that AI presents and how to go about it in a sustainable way to incorporate AI further into the future. The failure to effectively respond to these questions and apply AI systems effectively poses immense threats to the underutilization of AI potential and healthcare systems that fail to apply AI to improve patient outcomes, maximize resource utilization, and transform the healthcare world as a whole. The problem statement highlights the fact that AI in healthcare should be explored, but the process should be accountable - with well-established governance frameworks, trained staff, ethical considerations, etc. To achieve the maximum potential of AI in enhancing the healthcare systems by making them more efficient, equitable, and patient-centered, a complex strategy is needed to address these issues.

## **OBJECTIVES**

1. To get an idea of the possibilities of AI in healthcare management, its application to clinical decision making, patient care, and simplifying the administrative process.
2. To become familiar with ethical, privacy, algorithmic bias, infrastructural and regulatory issues related to AI in healthcare.
3. To discuss future trends, governance models and strategies in the integration of AI in the management of healthcare, including sustainable, equitable and patient-centric approaches.

## **METHODOLOGY**

This work adopts a qualitative approach to research, where attention is paid to a detailed systematic literature review to shed light on the existing knowledge about the use of AI to manage healthcare. Peer reviewed articles, reports and case studies have been searched in the databases mentioned (PubMed, Scopus, IEEE Xplore and Google Scholar) from 2015 to 2025 using the appropriate keywords. The inclusion criteria were applied to identify what empirical and theoretical work covered opportunities, challenges and future trends and the thematic analysis to identify themes and insights. The data extraction and synthesis were done iteratively to achieve coverage of all the data, with the emphasis on highlighting the balance between technological advances and ethics. Thus, this method of approach could be used to analyze and understand something thoroughly without primary research, but with secondary sources to make valid inferences.

## **POPULATION AND SAMPLING**

The scope of this study was focused on all scholarly publications, reports and case studies which discussed the use of Artificial Intelligence in healthcare management published around the world in the year 2015 through 2025. The wide spectrum of information included peer-reviewed journal articles, conference proceedings, white-papers from international health organisations and industry reports regarding the opportunities, problems and future directions of AI. Purposive sampling method was employed to identify sources relevant to interlinking the understanding of AI powered CDS, administrative optimization, ethical concerns and emerging trends. Databases used in the sampling frames were PubMed, Scopus, IEEE Xplore, Web of Science and Google Scholar. 85 high quality sources were finally included, due to the inclusion criteria set before the study, and fulfilled the

following criteria: relevant to the healthcare management; methodological and based on recent publications. Exclusion criteria were studies not related to the management aspects, those not published in English or those with no significant empirical or conceptual content. This kind of sampling enabled representation of all types of developed and developing healthcare settings, and ensured that high impact literature was focused upon. The sample was adequate in size and scope to be analysed in terms of thematic synthesis and conclusions, and its size was sufficient to enable the identification of information that would allow conclusions to be drawn around the opportunities/challenges and future direction of using AI in healthcare management.

## DATA COLLECTION AND SOURCES

This research used a systematic review of secondary sources, which comprised peer reviewed articles, scholarly journals and institutional reports about Artificial Intelligence (AI) in healthcare management. The search strategies were developed and applied in PubMed, Scopus, IEEE Xplore, Web of Science, and Google Scholar databases with the help of specific keywords and Boolean operators, which were used to retrieve primary data. The articles of organizations such as WHO, OECD and leading technology companies were also consulted, and the material of conferences since 2015 and 2025 was also consulted. Relevant documents were scanned and full text articles were retrieved and organized using reference management software to facilitate easy data retrieval. The multi-source strategy provided comprehensive, up-to-date, and credible information, which were analyzed to assess AI's opportunities, challenges, and future directions in healthcare management.

## ANALYSIS AND FINDINGS

The literature reviewed shows the importance of the patterns of integration of AI in healthcare management. Here are the three tables with the results:

**Table 1: Major Opportunities of AI in Healthcare Management**

| S.No. | Opportunity Area          | Key Benefits                                     | Examples/Applications                        |
|-------|---------------------------|--------------------------------------------------|----------------------------------------------|
| 1     | Clinical Decision Support | Improved diagnostic accuracy and early detection | Predictive analytics for disease risk        |
| 2     | Personalized Medicine     | Tailored treatment plans                         | ML-based patient-specific recommendations    |
| 3     | Administrative Efficiency | Reduced operational costs                        | Automated scheduling and resource allocation |
| 4     | Patient Engagement        | Better patient outcomes and satisfaction         | Chatbots and remote monitoring systems       |

As depicted in Table 1, there is a great potential for the application of AI in various aspects of healthcare management. . The clinical decision support systems based on AI systems significantly influence the early detection of a disease and make a more correct decision, contributing to improved patient outcome. Many applications in other industries, including the provision of customized treatment plans and enhancing healing outcomes through machine learning models that examine large volumes of data. Analyzing large datasets to create personalized treatment plans, such as enhancing recovery outcomes and patient satisfaction are one of the areas where machine learning is being applied to personalized medicine. Among the most important benefits, one can

State its influence on administrative efficiency, since AI systems can simplify the process of scheduling, managing the resources, and supply chain, reducing the costs. Another advantage is in the administrative efficiency: AI systems will be able to streamline the process of scheduling, distribute resources and control the supply chain, lowering operational costs. Patient engagement technologies such as chatbots and remote monitoring systems enhance the continuity and engagement. The opportunities range between the various possibilities of how AI can transform healthcare into a non-reactive but proactive model, and how it can relieve health care workers of some pressure.

**Table 2: Key Challenges in AI Adoption for Healthcare Management**

| No. | Challenge                     | Description                                   | Impact                                  |
|-----|-------------------------------|-----------------------------------------------|-----------------------------------------|
| 1   | Data Privacy & Security       | Risk of breaches of sensitive patient data    | Legal and ethical concerns              |
| 2   | Algorithmic Bias              | Potential for inequitable healthcare outcomes | Reduced trust among diverse populations |
| 3   | Infrastructural Limitations   | Lack of advanced technology in many regions   | Slow adoption in developing countries   |
| 4   | Shortage of Skilled Workforce | Lack of professionals trained in AI           | Implementation delays                   |

According to Table 2, it is possible to note that there are still some crucial issues to overcome to make AI widely applicable to healthcare management. As sensitive data about patients is processed, the issue of data privacy and security remains one of the top priorities, and, in fact, healthcare organizations are at a high risk of breaches and misuse. The impact of algorithmically induced bias can be strong and prone to unfair results and further increase disparities in access to and quality of health services. The high-tech AI solutions are not that useful due to the drawbacks in technology, particularly in underdeveloped regions, where infrastructure can be a limiting factor. The constant shortage of qualified specialists capable of developing, sustaining and assessing AI systems impedes the implementation process. All these problems add to create a complex of trust, ethics and preparedness-related problems that should be overpowered in a systematic manner. The interpretation points out the necessity to address these obstacles so as to realize the potential of AI in healthcare, to ensure patient safety and integrity of healthcare organizations.

**Table 3: Future Directions and Emerging Trends**

| No. | Trend/Direction              | Description                                     | Expected Benefits                        |
|-----|------------------------------|-------------------------------------------------|------------------------------------------|
| 1   | Explainable AI (XAI)         | Transparent and interpretable AI models         | Increased trust and accountability       |
| 2   | Federated Learning           | Privacy-preserving collaborative model training | Secure multi-institutional data use      |
| 3   | Human-Machine Collaboration  | Augmented intelligence for clinicians           | Enhanced decision-making                 |
| 4   | Robust Governance Frameworks | Ethical guidelines and regulatory standards     | Sustainable and equitable AI integration |

The data acquired as a result of the analysis in Table 3 provides clues to the potential future trends that can potentially influence the further development of AI use in healthcare management. Explainable AI (XAI) will offer increased transparency and interpretability, more comprehension between clinicians and patients, and hence, a greater trust. Federated learning offers a new approach to collaboratively learning a machine learning model

without endangering data privacy across institutions. The collaboration between man and machine is a more balanced approach that uses AI to complement the skills and experience of healthcare staff. To come up with ethical processes and rules, it will be imperative to institute good governance mechanisms. Overall, these trends are all leading to creating more transparent, fair, and sustainable AI-driven healthcare systems. In conclusion, the guidance outlined in Table 3 will play a vital role in the future effectiveness of AI in the transformation of health care delivery across the globe and interdisciplinary collaboration will become essential.

## **RESULTS AND DISCUSSION OF THE FINDINGS**

In general, the systematic review revealed 85 sources, which indicates the possibility of using AI to revolutionize healthcare management by improving diagnostic accuracy, providing individual care and treatment, and simplifying the administrative procedures, which is highly beneficial in terms of efficiency, cost-effectiveness, and patient satisfaction. The barriers to mass adoption, however, are the difficulties of tackling the problem of data privacy and data security, which may aggravate inequities through algorithmic bias, the lack of infrastructure in low-income communities, and the lack of human resources to deploy and maintain AI systems. More explainable AI and federated learning (FL) that are more transparent and collaborative without compromising privacy are emerging, and more about augmentation than replacement, where the clinician is still trusted and has influence, are also possible. An effective system of governance and regulatory certainty is also highlighted in the literature as necessary in addressing ethical problems and liability issues otherwise reluctance to adopt them by organizations will be evident. Economically, the economic costs of implementing and integrating differ by the context and the goal of the economic analysis, and may be offset by long-term savings in operations, or by benefits in terms of better care outcomes as reflected in many studies and may have to be adapted locally. All in all, the results indicate the possibility of AI transforming healthcare into a more active, efficient, and patient-centered model, assuming that the technological progress is supported by the appropriate training and implementation of AI in the interest of everyone, including AI deployment frameworks, and effective monitoring mechanisms to curb AI risks.

## **FUTURE IMPLICATIONS**

Moving ahead, it can be assumed that in the future AI will not just be able to make more accurate diagnoses, make clinical decisions faster and even more personalized, but also with the assistance of data-driven systems. In addition, AI is expected to play a crucial role in improving the efficiency of healthcare systems, by automating repetitive tasks, optimizing staffing, and streamlining the allocation of resources in hospitals. AI's potential for enhancing the efficiency of the hospital is also expected to be high, as it can automate repetitive tasks, optimize staffing, and improve the management of resources within the hospital. Some of the technologies that will help healthcare systems become more transparent, secure and trustworthy in the coming years may be explainable AI and federated learning. The human-machine collaboration will likely increase and AI will be used in conjunction with healthcare professionals, not in place of them. In the meantime, improved governance, ethics and privacy protection are required in the future to help grow the business without bias and misuse. . This technology cannot be adopted unless digital infrastructure is developed and new skills are built, especially in the developing world. Overall, AI has the potential to revolutionize healthcare, and, with the right development and implementation, can serve as a powerful resource to improve patient care. In conclusion, AI can change the healthcare industry, making it more productive, more just, and patient-focused with responsible and considerate design and execution.

## **CONCLUSION**

AI in healthcare management is a game-changer that has transformed the aspect of healthcare management with its efficiency, accuracy and analytical power. It has a potential of improving patient care, decreasing administrative burdens, as well as enabling patients to make improved decisions. But privacy, prejudice, ethical issues, infrastructure and employment preparedness are only some of the limitations of its use. The issues in both those situations highlight the importance of not only technology solutions to improve the healthcare. Explainable and good governance as well as responsible human-AI cooperation will be a formula of success in the future. At the same time, healthcare businesses are forced to invest in their training and digital readiness, and in their appropriate implementation. Finally, the safety, equity, and accountability are tightly connected to AI and its potential to revolutionize healthcare management. Finally, AI should be coupled with safety, equity, and accountability to have a sustainable impact on healthcare management.

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## **Digital Empaths and Emotional Resonance: Reimagining Customer Experience through Marketing 5.0**

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### **Abstract**

Marketing 5.0 consists of the combination of the new technology and a people-focused approach. In this manner, brands will be able to provide customers with real and personal experiences. We researched how Digital Empaths. AI tools that mimic human behaviour. We also analysed how these changes affect how customers experience things, like how well the staff show feelings. What is their ability to adapt their empathy to an individual? We applied these concepts to construct a survey, and 428 individuals completed it. The findings were validated with the help of tools that helped us to test our hypotheses and proved that in case customers feel that a particular brand understands them on the Internet, they have more chances to stay loyal to the experience and believe the company. This research adds ideas to Marketing 5.0. It examines AI in two dimensions and offers suggestions on how to develop human-like digital assistants.

**Keywords:** Digital Empathy, Marketing 5.0, Emotional Resonance, Customer Experience, Human-Mimicking AI

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## 1. Introduction

The marketing environment has undergone a dramatic change during the past few decades, and has gone through several phases that reflect the changes that have occurred in the consumer need, technological level, and socio-cultural changes (Rogge et al., 2018). Marketing 1.0 was very product-focused, and companies were worried about the transfer of functional value. Marketing 2.0 put the consumer at the centre and considered segmentation, targeting, and positioning as a way of providing more value to the consumer's needs (Calcagno, 2021; Kaur et al., 2022). Marketing 3.0 extended it to values-based marketing that recognises the social and ethical customer relationships. The digital revolution became part of Marketing 4.0 and enabled customisation and cross-channel communication (Komakech et al., 2021). Now, Marketing 5.0 is in sight as a blend of high-tech and humanistic philosophy, combining artificial intelligence (AI), big data, natural language processing (NLP), robotics, and machine learning with empathy, ethics, and human experience (Kamal et al., 2025). It is this unique mix of both the precision of technologies and the emotional resonance, which is being promoted by the Marketing 5.0 paradigm (Bakator et al., 2024).

In this case, customer experience (CX) has surpassed the level of operational efficiency or service delivery and has become directly linked to emotional engagement (Gustafsson et al., 2024). Consumers are increasingly demanding of the brands not only to address their functional needs but also to achieve a closer emotional and relational relationship (Hwang and Kandampelly, 2012). Consequently, the firms are investing in AI-powered solutions that robots will automate interactions and act and think like humans (Lodhi and Zeb, 2025; Maedche et al., 2019). These Digital Empaths are the new generation of intelligent systems capable of detecting emotional cues, behaving like humans, and building a sense of connection, trust, and satisfaction among customers (Hernandez-Ortega and Ferreira, 2021).

A new construct of digital empathy, defined as calculating systems that apprehend, interpret, and react to affective signals, has received substantial scholarly consideration (Yalcin and DiPaola, 2019; Daher et al., 2022). It is embedded in the domain of Affective Computing, whereby artificial intelligence-based agents can tailor consumer interactions to the point of being as humanlike as human communicative behaviour (Eden et al., 2024). One such example would be chatbots with sentiment-analysis algorithms detecting when the customer is being frustrated and changing their tone, voice-assistant technologies with adaptive intonation that can comfort the customer when they are complaining, and humanoid robots that operate in a hospitality setting that can be friendly, patient, or humorous depending on the affective condition of the customer (Juipa et al., 2024). Such capacity reorganises the consumption process as a transactional exchange to a more relational process and an emotionally resonant process.

Despite the increased speed of AI introduction into the marketing space, it does not eliminate a significant gap in knowledge regarding the attitude of consumers to emotive intelligent digital agents and their subsequent influence on the customer engagement outcomes (Bag et al., 2021; Marti et al., 2024). Although AI has already permeated the daily customer-service environment (e.g., chatbots in banking, virtual shopping assistants in e-commerce, or automated concierges in hospitality), the literature on the topic is mostly related to the

functional efficiency, cost-saving, or the speed of interaction (Kumar et al., 2024). Its emotional dimension, i.e., whether such digital interfaces can, in fact, create empathy, care, and trust, and whether this emotional bond could be translated into anything measurable, e.g., satisfaction, loyalty, and advocacy, has been the subject of relatively little attention (Hashish, 2025; Zha et al., 2020).

This line of questioning is becoming more important because of the growing digitalisation of the lives of consumers. In a world where personal communication is increasingly being substituted or supplemented by online communication, AI's capacity to simulate empathy becomes the unlocking key to brand success (Bozdog, 2024). By implication, when a consumer is undergoing online banking services, they may not only be seeking the appropriate information but also want to be assuaged, patient, and perceive that they are frustrated, which are the qualities that are traditionally associated with human interaction. Equally, with e-commerce, an online empath who proactively identifies customer indecisiveness and gives them emotionally supportive stimuli can transform indecisiveness into a buying decision. Emotional resonance is, thus, not a by-product but an inescapable consequence of the experience economy.

Conceptually, the research of digital empathy is aligned with other conceptual frameworks that rely on marketing, psychology, and information systems (Naeem et al., 2023). Empathy has been identified as one of the pillars of the establishment of sustained customer relationships in relationship marketing (Guerola-Navarro et al., 2022). Emotions have a tendency to exert more influence on loyalty than functionality. According to anthropomorphism theories, on the human-computer side, users project human similarities to the machine with the behaviour of a specific kind, which also strengthens trust and comfort (Zlotowski et al., 2014). Consumer psychology has been identified to resonate emotionally to affect decision-making, brand attachment, and advocacy behaviours (Ahmad et al., 2023; Schee et al., 2025). Nevertheless, a detailed, wholesome understanding of how digital agents that mimic humans can actualise these concepts in the Marketing 5.0 paradigm is a less-researched domain.

With respect to this gap, this chapter is planned based on a mixed-methods exploratory-confirmatory research design. The exploratory phase is a qualitative interview process through which digital empathy, customer stories and perceptions are obtained. The primary themes that were determined during the audio analysis included the authenticity of the answer, the tone of the interaction, and the contextual adaptation, which were found in this stage. According to these results, the confirmatory stage also involves quantitative surveys and statistical tests that can confirm the assumption regarding the correlation between the results of digital empathy and customer experience (satisfaction, trust, and engagement). This two-part methodology is both deep and generalizable to allow a holistic view of the consumer experience and an empirical validity of the impact.

The topicality of the research is even stronger, as the Marketers 5.0 have been defined by technological empowerment and people-oriented results. The early phases of the marketing paradigm defined the product, consumer, value and technology boundaries. Marketing 5.0 aims to combine the best practices of each, combining the accuracy of artificial intelligence

with the human touch of human interaction. The synthesis of this is the digital empathy agents, the massive, digital versions of human warmth. To companies, the influence of these agents is not merely a hypothetical notion; it is a blueprint for designing customer experiences that breed confidence, discourage attrition and breed loyalty in an era of increasingly stiff competition.

The implications of this chapter reach wide in the world of industries. Emotionally intelligent chatbots can be used within banking and other fintech sectors to help assuage anxiety in customers as they conduct sensitive money transactions. Digital empathy robots can offer supportive communication to patients who need medical information or follow-up after they've been to a healthcare facility. Humanlike digital assistants can be used in retail and e-commerce to support the shopping experience with personalised emotional assistance. The empathetic interaction of the humanoid robots in the hospitality industry can help mimic the nature of human service and, thus, ensure the guest leaves with an unforgettable experience.

The chapter is thus very broad and effective in the application of theory, making it relevant to academicians, practitioners, and policy makers.

There are three general assertions in this introduction. From a first-principles approach, Marketing 5.0 is a convergence of the human and technology paradigm shift, and empathy is one of the pillars of the human-to-technology paradigm shift. Second, human-style artificial intelligence (AI) as digital empathy is becoming a powerful customer experience enabler, and yet is understudied in emotional alignment. Third, the mixed-method approach will be necessary so that not only is the richness of the subject described, but this phenomenon is also statistically proven. This chapter will add to the emerging literature on the subject of Marketing 5.0 and deliver some practical results for companies that want to re-envision customer experience in the digital age, to explore how digital empathys may drive the emotional resonance and customer results.

## **2. Literature Review**

The literature on marketing, technology, and consumer experience presents an evolving perception of how firms may seek to involve their customers in a digital-first paradigm (Nugraha, 2024). Marketing 5.0 presupposes a convergence of technological change and values of humanity, thereby establishing new planes of interaction, in which machines copy empathy and human relations communication (Wongmonta, 2021; Shrivastava and More, 2025). The review is an overview of the literature available in four general domains: evolution of Marketing 5.0, digital empathy and human-mimicking technologies, emotional resonance in customer experience, and research gaps, which contextualise the current research.

### **2.1 Technology-centred marketing (5.0): Human-centric**

Marketing 5.0 is an indicator that the emphasis on engagement with the customer will no longer be more functional or transactional, but rather is pegged on the synthesis of the advanced technologies and human values (Kothari et al., 2025). Marketing 5.0 is a combination of the precision of artificial intelligence, big data, and robotics, and human factors, namely empathy, inclusivity, and ethics, as compared to previous stages, namely,

Marketing 1.0 (product-centric), Marketing 2.0 (consumer-centric), Marketing 3.0 (values-driven), and Marketing 4.0 (digital and omni-channel). Marketing 5.0 does not only focus on the efficient manner of serving the consumers but also on connecting with them in a meaningful manner by imitating human features in the technological interfaces (Ejjami, 2024). Technologies such as AI-based recommendation systems, natural language processing (NLP)-based chatbots, and humanoid robots are the technologies that reflect this vision (Haider, 2024). Researchers note that advancements in technology will not allow for maintaining sustainable customer relations without contextualization with the help of human-focused engagement strategies (Ystgaard et al., 2023).

In its turn, Marketing 5.0 provides the philosophical background within which digital empathy and emotional resonance can be studied (Fatimah et al., 2025). It envisions a future in which technology might not dehumanise communication but will add extra depth and cognitive and emotional connection between brands and consumers.

## **2.2 Human-Mimicking Technologies and Digital Empathy**

### **2.2.1 The Rise of Humanlike AI**

Conversational artificial intelligence, virtual avatars, and humanoid service robots are human-imitative technologies that have been swiftly infiltrated into different industrial sectors (De Siles, 2020). According to empirical studies, the more common the use of anthropomorphic design, or the process of assigning humanlike qualities to nonhuman actors, the warmer, more trusted, and engaged the audience becomes (Blut et al., 2021). As an example, conversational and empathetic chatbots that are customer support will always be rated higher on the satisfaction index than purely functional agents (De Haan, 2018).

Humanlike artificial intelligence performs its work in three primary dimensions: linguistic mimicry, mimicry based on natural conversational language; emotional mimicry, mimicry based on empathetic reactions; and behavioural mimicry, mimicry based on gestures or expressions on robots or avatars (Arabian et al., 2025; Kujala and Saariluoma, 2018). All the dimensions contribute to the decrease of the psychological distance between machines and consumers.

### **2.2.2 Conceptualising Digital Empathy**

The concept of digital empathy is perceived as the capacity of the technological systems to perceive, perceive, and respond to the emotional state of the people (Walker and Weidenbenner, 2019). It follows the concept of affective Computing, which was introduced by Picard (1997) and provides machines with the ability to be able to identify emotions based on vocal, facial, and textual cues (Daily et al., 2017). Digital empathy can be manifested in verbal reassurance, adjustment of the adaptive tone or humour that is adeptly designed to ease the tension in the interaction with the customer (School, 2024).

The hypothesis that consumers are sensitive to digital agents that are empathetic has empirical support. Indicatively, it has been reported that chatbots with empathic communication styles are considered more competent and trustworthy (Blumel et al., 2023; Lim et al., 2025). Similarly, we have also seen that empathy-based responses induce customer compliance in

service-recovery situations, which serves as an additional argument that synthetically simulated empathy can induce actual customer emotion (Lehnert and Kuehn, 2024).

## **2.3 Emotional Resonance and Customer Experience**

### **2.3.1 Customer Experience in the Experience Economy**

Customer experience (CX) is a cognitive, emotional, sensory, and behavioural response that is solicited when engaging with a brand. Emotions play a determinant role in the perceived value in the experience economy (Kuppelwieser et al., 2021). Research has shown that emotional attachment is a better motivating aspect to loyalty than satisfaction. Thus, in order to facilitate the contribution of digital agents to CX, they must cause emotional resonance, or the alignment between customer emotions and brand relational position (Nyagadza et al., 2025; Han et al., 2024).

### **2.3.2 Emotional Resonance in Human-Technology Interaction**

Emotional resonance is achieved in situations with AI-mediated interactions, where digital agents do not just provide the correct information but also recognise and reflect the emotions of the customers (Guerrero-Sole, 2022). According to human-computer interaction (HCI) studies, such empathic responses have a positive influence on perceived social presence and relational satisfaction (Kim et al., 2013; Park et al., 2022).

Moreover, neuroscientific findings show that empathetic communication activates the brain areas that are linked to trust, thus suggesting that emotional resonance can create more customer-brand relationships. The application of these results to the digital world implies that carefully constructed empathic agents can replicate similar psychological effects normally ascribed to human agents.

### **2.3.3 Outcomes of Emotional Resonance**

Empirical research links emotional resonance with three major customer outcomes:

- **Satisfaction:** Empathic communication will decrease frustration and enhance the perceived quality of the service.
- **Trust:** Humanlike AI agents foster relational trust by being caring and competent.
- **Engagement:** Customers show an increased tendency to repeat contact with empathic agents, thus becoming loyal and promotional.

These results highlight the importance of focusing on emotional resonance as a strategic differentiator in hypercompetitive markets, as the focus of Marketing 5.0.

## **2.4 Ethical and Practical Considerations**

Although the advantages of digital empathy are promising, researchers are worried about the issue of ethical transparency and authenticity. There is a long-standing controversy on whether synthetic empathy can deceive customers into thinking that machines are actually empathetic and thus manipulate

behaviour. Organisations, therefore, have to strike a balance between how the emotionally intelligent systems are designed and the disclosure of their artificiality.

In practice, the obstacles include technological limitations in the accurate detection of more nuanced emotions, cultural differences in the meaning of empathy, and users' distrust of machine-generated responses. However, these difficulties can be slowly eased by modern developments in natural language processing, machine learning, and sentiment analysis.

## **2.5 Gaps in Literature**

Despite the increase in the number of studies devoted to chatbots, virtual assistants, and emotional AI, the literature has several significant gaps:

- **Absence of Emotional Response:** The literature focuses more on efficiency measures like response time and accuracy instead of the emotional connection of interactions that AI-driven interactions should foster.
- **Lack of Empirical Evidence in Marketing 5.0 Model** Digitally empathy has never been organically defined within the literature in the context of human-technology symbiotic structure, upon which the Marketing 5.0 model is based.
- **Fragmented Methodological Solutions:** The literature is largely qualitative (e.g., ethnography, interviews) or quantitative (e.g., surveys, experiments), whereas there are only a few mixed-method designs, which are capable of providing both external and higher levels of inquiry simultaneously.
- **Sector-specific biases:** customer service applications have been studied empirically, but other sectors (e.g., healthcare, fintech, hospitality) have hardly been considered. Emotional resonance is possibly a valuable and effective cause of behaviour in these markets.

## **3. Research Objectives and Hypotheses**

### **3.1 Objectives**

- To examine the consumer perceptions of human-mimicking AI agents in the framework of customer experience.
- To investigate the influence of perceived digital empathy on customer satisfaction, trust and engagement.
- To come up with recommendations on how emotionally intelligent AI can be implemented within the Marketing 5.0 framework.

### **3.2 Hypotheses**

H1: Perceived digital empathy has a positive influence on customer satisfaction.

H2: Perceived digital empathy is a significant boost to customer trust.

H3: Perceived digital empathy has a positive impact on customer engagement.

#### **4. Research Methodology**

The research is founded on a mixed-methods exploratory-confirmatory research model that will enable the exploration of the role of digital empathy and emotional resonance in reimagining customer experience in the framework of Marketing 5.0. The mixed-method method is particularly convenient because it enables the holistic investigation of the perception of customers (exploratory) and the subsequent verification of relationships between the empathy-based technologies and the outcomes of customer engagement (confirmatory) at an empirical level.

##### **Research Design**

The paper is written in two consecutive steps. The exploratory phase is the phase that uses qualitative devices to find out how the customer views the human-mimicking technologies like AI-based chatbots, digital assistants, and virtual brand representatives. This parameter will provide data on the experience of empathy, trust, and emotional connection of digital users. The confirmatory phase then follows by quantitatively validating such findings by testing the hypothesis of the linkage between the perceived digital empathy and such outcome measures as engagement, satisfaction, and loyalty. The sequential design will guarantee that the constructs that are based on the customer narratives are converted into meaningful ways to measurable variables.

##### **Methods: Sampling and Data Collection.**

The qualitative phase will involve the purposive selection of twenty-five participants of varying age and experience in the industry, with a focus on the participants who have recently used AI-based customer service systems in the last six months. It is related to semi-structured interviews and focus groups, where the participants will be able to tell their experiences, emotional responses, and perceptions of trust. Digital Empathy and Emotionality are general themes of the data analysis. During the quantitative phase, the organization of a structured survey tool is developed based on the findings of the qualitative chapter. The stratified random sampling is applied to the survey of four hundred respondents in the business sectors of e-commerce, banking, and service. The questionnaire entails the application of five-point Likert scales in an attempt to measure the constructs of perceived empathy, emotional engagement, satisfaction, and loyalty.

##### **Data Analysis Techniques**

Qualitative data are analysed using thematic analysis with the assistance of NVivo software to find out tendencies in customer perceptions. In the quantitative stage, SPSS/AMOS can be applied to conduct statistical tests such as correlation analysis, regression modelling and ANOVA. Cronbach's alpha is used to measure scale reliability, and confirmatory factor analysis (CFA) is used to measure validity. The combination of the results is done through the triangulation process, where the themes of the qualitative results are linked to the statistical validation of the quantitative results.

##### **Ethical Considerations**

The chapter is carried out in harmony with the accepted ethical standards, and informed consent, confidentiality, and voluntary participation are present. The information is anonymous, and the participants will be assured that their information will be used exclusively in academic purposes. This research design ensures credibility, validity, and applicability of results to the theory and practice.

## 5. Data Analysis and Findings.

A group of statistical operations was performed on the sample of 400 survey answers to establish the role of digital empathy and emotional resonance in the customer experience within the paradigm of Marketing 5.0. The steps to the analytical processes were: (i) reliability and construct validity, (ii) inter-variable relationship by correlation analysis, (iii) specification and estimation of regression predictive models, and (iv) analysis of variance to specify intergroup differences.

### 5.1 Reliability and Validity Testing

To ensure the robustness of the measurement constructs, Cronbach's alpha and Confirmatory Factor Analysis (CFA) were performed.

**Table 1: Reliability Test (Cronbach's Alpha Values)**

| Construct                 | No. of Items | Cronbach's Alpha |
|---------------------------|--------------|------------------|
| Perceived Digital Empathy | 6            | 0.892            |
| Emotional Engagement      | 5            | 0.865            |
| Customer Satisfaction     | 4            | 0.873            |
| Customer Loyalty          | 5            | 0.901            |

All alpha coefficients were above the mark of 0.70, thus showing a high level of internal consistency, as shown in Table 1. Construct validity was also supported by confirmatory factor analysis with Average Variance Extracted (AVE) values over 0.50 and Composite Reliability (CR) over 0.80, thus validating both convergent and discriminant validity.

### 5.2 Correlation Analysis

The Pearson correlation coefficient was used to determine the linear associations between the constructs.

**Table 2: Correlation Matrix**

| Variables             | Digital Empathy | Engagement | Satisfaction | Loyalty |
|-----------------------|-----------------|------------|--------------|---------|
| Digital Empathy       | 1.000           | 0.682      | 0.641        | 0.589   |
| Emotional Engagement  | 0.682           | 1.000      | 0.715        | 0.698   |
| Customer Satisfaction | 0.641           | 0.715      | 1.000        | 0.743   |
| Customer Loyalty      | 0.589           | 0.698      | 0.743        | 1.000   |

( $p < 0.01$ )

Digital empathy shows strong positive relationships with engagement ( $r = 0.682$ ), satisfaction ( $r = 0.641$ ), and loyalty ( $r = 0.589$ ). These results suggest that customers who feel empathy in digital interfaces are characterised by greater emotional involvement and loyalty. Satisfaction and loyalty ( $r = 0.743$ ) were found to have the strongest relationship, which means that satisfaction could be a mediating variable, as shown in Table 2.

### 5.3 Regression Analysis

Digital empathy and engagement were determined to have a predictive effect on customer satisfaction and loyalty through regression models.

**Table 3: Regression Results (Dependent Variable: Customer Loyalty)**

| Predictor Variable    | $\beta$ Coefficient | t-value | Sig. (p) | R <sup>2</sup> |
|-----------------------|---------------------|---------|----------|----------------|
| Digital Empathy       | 0.312               | 6.78    | 0.000    |                |
| Emotional Engagement  | 0.398               | 8.12    | 0.000    |                |
| Customer Satisfaction | 0.421               | 9.06    | 0.000    | 0.612          |

The model accounts for 61.2 % of the variance in customer loyalty ( $R^2 = 0.612$ ). Statistical significance ( $p < 0.01$ ) was obtained with all predictors. The strongest impact is customer satisfaction ( $\beta = 0.421$ ), then emotional engagement ( $\beta = 0.398$ ) and digital empathy ( $\beta = 0.312$ ). This trend shows that although digital empathy directly increases loyalty, it also has a more significant effect when it is mediated by engagement and satisfaction pathways, as shown in Table 3.

### 5.4 ANOVA – Group Differences

The ANOVA was applied to examine the hypothesis of whether the perceptions of digital empathy vary among the age groups.

**Table 4: ANOVA Results (Digital Empathy by Age Group)**

| Age Group   | Mean Score | Std. Dev. | F-value | Sig. (p) |
|-------------|------------|-----------|---------|----------|
| 18–25 years | 4.21       | 0.63      |         |          |
| 26–35 years | 4.08       | 0.57      |         |          |
| 36–45 years | 3.89       | 0.61      |         |          |
| 46+ years   | 3.74       | 0.68      | 6.214   | 0.001    |

There is a difference between the age groups ( $p = 0.001$ ). Younger customers (18-25 years) see the highest level of digital empathy ( $M = 4.21$ ) and older customers (46+ years) the lowest ( $M = 3.74$ ). This means that the younger demographics that are more familiar with AI-powered interfaces are more affected by digital empathy technologies, as shown in Table 4.

## **Discussion and Implications**

The present work is substantive in terms of the ability to transform the customer interaction mediated through emotional resonance with the help of digital empathic technologies, which are discussed within the framework of Marketing 5.0. Both quantitative and qualitative findings confirm that the fact that digital empath agents designed to generate human empathy and responsiveness greatly increase trust, satisfaction, and loyalty. The results correspond to the propositions of Human-Technology Interaction and the Technology Acceptance Model (TAM), on which customer acceptance and involvement are based on the perceived ease of use, utilitarian value, and emotional congruence.

Primarily, perceived empathy had a positive relationship with customer trust ( $r = 0.71$ ) and emotional engagement ( $r = 0.78$ ). The results of this chapter show a change in consumer preference for brands that will listen, learn, and respond in a way that mimics the way in which they are talking to a real person. The quality driver of empathy, as referred to within Parasuraman's SERVQUAL dimensions, is shown to be the single most significant quality driver in online contexts. In addition, the results of regression analysis show that perceived empathy contributes up to 54% to customer loyalty, demonstrating emotion-based interactions as a key factor in maintaining long-term relationships.

The qualitative-based data analysis produced the themes of emotional congruence, naturalness of a human, and comfort with a digital interface that served to identify that consumers seek more than efficiency in technology-mediated interactions. They desire, instead, sympathetic resonance, in which the digital touchpoints can provide a distinct, supportive, and relational experience. Transformational: Customer experience goes far beyond transactional, but it is very emotional and functional.

## **Theoretical Implications**

As the idea of empathy is considered a uniquely human attribute in AI-enabled interfaces and online interfaces, this paper enriches the literature of Marketing 5.0 by extending the idea of empathy's systematisation and operationalisation. The research shows, in an exploratory-confirmatory mixed method approach, that empathic AI is a technological enabler that can also be a value, co-creation contributor.

Further, the resulting research adds to the theory of customer engagement by demonstrating that digital empathy introduces a new level of engagement, affective resonance complementary to the old conduct and cognitive constructs. The statistics reveal that emotional resonance acts as an intervening variable between technology and customer loyalty and therefore fills the gaps in relationship marketing literature.

In addition, the research also contributes to the human-computer interaction (HCI) debate as it empirically validates the concept of so-called digital empath, i.e., systems that are capable of emulating the behaviour of a human empathetic, adaptive emotional intelligence. These systems transform technology into a means for a social actor who is capable of shaping the dynamics of relations and supports new theories of social presence in AI-mediated communication.

## **Practical Implications**

The results provide useful suggestions to the design and implementation of Marketing 5.0 systems to practitioners:

**Customer-Centric AI Design:** Firms must concentrate on the application of empathetic algorithms to chatbots, virtual assistants, and digital counsellors. Being able to moderate responses to pick up emotional signals helps organisations gain the level of customer comfort and trust, particularly when dealing with sensitive matters like healthcare, financial services, and education.

**Emotional Personalisation as a Differentiator:** Despite the fact that conventional personalisation strategies are built on the basis of transactional data, Marketing 5.0 enables brands to develop an experience founded on emotional and psychological profiling. The companies that will be empathic towards AI can become unique because the support provided must be able to address the problems and also convey the feelings of the customers.

**Hybrid Human-Digital Service Models:** As it turned out, although digital empathy is effective, customers do not reject hybrid interaction where human agents and digital empathys are mutually reinforcing. This means that there is a system in which AI processes a high level of volume and routine interaction with human agents intervening to deal with complex or emotion-related cases, thereby creating an optimal balance.

**Training of Employees to Empathic Alignment:** To achieve the realisation of the synergy between human and digital empathy, the employees must be trained on the understanding of the AI-generated data on emotional resonance. Such alignment will bring uniformity to the touchpoints that would enhance the customer experience process.

**Ethical and Regulatory Implications:** The more emotionally ingrained that an individual is, the more responsible they will be. Organisations must be open about the manner in which they utilise empathic AI, as well as avoid overstepping boundaries in emotional manipulation. The governmental agencies may be called upon to establish systems that will help in limiting the misuse of technologies capable of exploiting the weakness of customers.

## **7. Conclusion**

This article has examined the new reality of Marketing 5.0, which is the concept of digital empathys and emotional resonance as a part of reinventing customer experience. The chapter integrated quantitative data of survey-based statistical testing and qualitative themes of qualitative interviews according to a Mixed Method Exploratory-Confirmatory Research Model. Taken together, these findings imply that human-like emotionally intelligent technologies that can empathise may have great potential in enhancing customer interaction and their long-term loyalty.

The findings showed that, on average, the operationalised emotional matching, via AI-based personalisation and online empathy, significantly and positively impacted customer satisfaction ( $b = 0$

.68,  $p = 0.001$ ). In addition, the mediating effect of customer trust within the relationship between the utilisation of digital empathy and customer loyalty was confirmed by the regression analysis, and it proves the significance of emotional authenticity in digital interactions. Qualitative data also showed that customers felt that emotionally intelligent systems were more relatable, supportive, and values-based, resulting in meaningful interactions, as opposed to transactional interactions.

These results have theoretical and practical implications. Theoretically, the chapter makes its contribution to discussing a concept, Marketing 5.0, and the body of literature concerning

technology-based empathy and emotional marketing. It offers empirically-based humanisation of customer interactions in organisations through realistic, inclusive, and credible digital services.

To sum up, one must keep in mind that digital empathy is not only a technological aspect but also a strategic component of the dynamic environment of Marketing 5.0. Using the strength of emotional resonance within its marketing ecosystems, organisations can have more customer engagement and long-term loyalty. The research requires more investigation to be extrapolated to other industries and other cultures, to identify the ethical and sustainable limits that are associated with the application of emotionally intelligent technologies in customer experience management.

## **Limitations**

To begin with, a representative sample size was used, but the sample consisted of a few digitally literate and urban-dwelling consumers. This focus might not be representative of the lives of the rural or less digitally savvy people, who limit the generalizability of the results to the different demographic groups.

Second, the research was based on self-reported information, which was gathered in the form of interviews and surveys. Despite the effectiveness of these instruments in the perception and attitude capture, they are also susceptible to biases like social desirability, recall error, and respondent fatigue, which could have affected the reliability of the responses. In order to increase the objectivity of the process, self-reports would be supplemented with behavioural or observational data in future research, e.g., digital trace analytics or eye-tracking experiments.

Third, the research design was cross-sectional, and it only provides a picture of customer experience at a single moment. Longitudinal studies would prove more relevant to customer engagement along the line due to the dynamism and the rapid dynamic nature of the Marketing 5.0 technologies.

Lastly, the paper is ineffective to address the ethical issues of digital empathy, including the privacy issues, the bad use of data, and whether AI-generated emotional responses were sincere. These dimensions are to be discussed as urgent, and the necessity to create sustainable frameworks of customer confidence in the future.

On the whole, these limitations limit the scope of the current chapter, yet they also demonstrate what can be accomplished by future research to streamline and elaborate on the results provided in this chapter.

## 9. Future Scope

The findings of the research result in numerous opportunities for future research on the intersection of Marketing 5.0, customer engagement, and digital empathy. To begin with, the researchers will be in a position to expand the scope of samples by incorporating cross-cultural comparisons that will enable the researchers to investigate the role of cultural differences in influencing the adoption of emotionally resonant technologies. In order to expound, the digital empathic cues can be viewed and reacted to differently by customers in collectivist culture as compared to individualist cultures.

Second, the longitudinal designs will be needed to follow the change of the perception of the customers to the digital empathy in the future, when technologies will change, and people will be better acquainted with the AI-based interactions. Such designs would provide trends in trust, loyalty, and engagement that cross-sectional approaches would not provide.

Third, the disconnect between self-stated intentions and customer behaviour can be achieved by filling in the gap through more objective and deep measures of emotional resonance by adding new behavioural analytics, such as neuro-marketing, biometric feedback, and AI-based sentiment analysis.

In addition, the ethical and regulatory dimensions of digital empathy (e.g., data privacy, threat of manipulation, and transparency of AI-human relationships) should also be studied in the future. Ethics will be the topic of sustaining consumer trust since Marketing 5.0 is still in the process of eliminating the barrier between humans and machines in the interaction process.

Finally, one can consider the place of industry-specific applications, such as healthcare, education, and financial services, where digital empathy can transform customer experience in incredibly sensitive environments.

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## **Harnessing Artificial Intelligence for Pioneering Global Marketing Strategies: A Paradigm Shift Towards Intelligent Consumer Engagement and Market Mastery**

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### **ABSTRACT**

**Context:** The Function of Artificial Intelligence in Worldwide Marketing Approaches

The use of AI technology in international marketing tactics is rapidly transforming how businesses interact with their customers and operate within the global marketplace. The advent of AI technology is indicative of the vast potential that this technology possesses to change the face of marketing practices across the globe.

**Objective:** To analyse the existing situation, the approach and effectiveness of AI implementation in worldwide marketing strategies will be assessed, alongside identifying gaps in contemporary research and potential future directions.

**Methods:** A literature review was conducted utilizing the subsequent electronic databases: Web of Science, Scopus, IEEE Xplore, and Business Source Premier from the time of creation of each database to April 2024. Only papers that investigated the utilization of AI in worldwide marketing were taken into account. Empirical papers, case studies, and theoretical perspectives were preferred. Some of the major findings that were interesting in particular were consumer engagement measurements offered by artificial intelligence, market penetration, ROI of AI-enhanced marketing strategies, and cultural dimension of AI marketing. The standard of the selected papers was meticulously analysed by the Newcastle-Ottawa scale for observational research and the Cochrane risk of bias assessment tool for RCTs.

Results: As it is observed, a total number of 1,875 sources were detected from the first search cycle in the database, whereas only 103 sources were considered to be suitable sources after their thorough analysis. According to a meta-analysis encompassing 28 studies, the implementation of AI technology in marketing has led to increased consumer engagement (standard mean difference = 0.72; 95% CI: 0.58-0.86) and improved market penetration (odds ratio = 1.65; 95% CI: 1.42-1.91). According to narrative synthesis, NLP and machine learning represented the most commonly utilized categories of AI technologies.

Conclusions: In this specific review, especially in terms of enhancing consumer interaction and market penetration. There are a number of issues that are highlighted in this review, one of which is the need to culturally adapt the AI technology and also ethical issues related to handling of data. Future research should aim at developing a culturally intelligent AI technology and also develop metrics for measuring.

The rise of AI is prompting a revolution in the field of global marketing as it fosters a shift of focus from traditional to intelligent and data-driven strategies that improve customer acquisition and domination of the market. Utilizing AI software elements like machine learning, natural language processing, and predictive analytics enables companies to analyze complex data regarding consumer behavior, personalize their communications, and promptly react to market dynamics. Marketers are enhancing their advertising, enhancing customer retention and interaction, and increasing the effectiveness of advertising by empowering automated programmatic advertising, social media marketing, and customer support using AI. This paper builds on previous work in order to analyze how AI technologies have changed how marketing is done, demonstrating the many faces of AI supplementary to the marketing effectiveness in different industries and countries. Another important application, predictive analytics, is a core component due to its ability to analyze historical patterns together with social media activities in order to forecast future variability in demand. This knowledge allows firms to be proactive in adjusting their marketing plans and differentiating themselves from the competition. In other words, it is possible to employ artificial intelligence technology in forecasting the requirements of retailers during peak periods and consequently undertake marketing and stock up on merchandise in an appropriate manner.

**Keywords:** Artificial intelligence, global marketing, consumer engagement, market analysis, AI-driven strategies, international business, cultural adaptation, machine learning, predictive analytics, ethical AI, personalisation, cross-cultural marketing.

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## INTRODUCTION

### Background on AI in global marketing

Disruptive element which impacts the manner of conducting business with customers in the international market. The utilization of artificial intelligence technologies in marketing commenced in the early 2000s, with the invention of recommendation systems. However, the past ten years can be described as the period of explosive growth of AI technology due to enhanced computing power and advanced algorithms. Artificial intelligence in international marketing consists of chat bots, virtual assistants, customer behavior prediction, [1].

### Importance of AI-driven strategies in international markets

As far as international markets go, the utilization of AI-based strategies has been accorded significant importance for several reasons:

1. **Market Complexity:** Various kinds of consumer behavior, culture and legal systems operate within global markets. [2].
2. **Personalization at Scale:** Personalization of customer experiences becomes possible for the marketing industry as a result of the technology regardless of whether the customers come from different countries with different cultures [3].
3. **Real-time Adaptation:** Given the existing highly dynamic global economy, there are real-time adjustments made by the AI to the strategies based on the immediate feedback from consumers and the prevailing market trends [4].
4. **Efficiency and Cost-effectiveness:** The use of AI would assist in automating several marketing activities like making content and advertising. This will help to cut down the costs as well as generate return on investment in the international marketing campaign [5].

5. **Competitive Advantage:** With the rise in the usage of artificial intelligence technology by different companies, companies that can utilize it effectively gain an advantage over other companies with regards to their knowledge about their customers across the globe [6].

### Challenges specific to implementing AI in diverse global contexts

While having great potential, however, AI is still not free from certain challenges when applying it to global marketing strategies:

1. **Cultural Sensitivity:** The AI models developed by way of training with data generated from one cultural context will not be able to work efficiently in another culture. Hence, the need for localization and adaptation arises [7].
2. **Data Privacy Regulations:** Data protection regulations in various countries (for example, GDPR in Europe) pose challenges to AI implementation [8].
3. **Ethical Considerations:** There is an issue of manipulation of consumers and the reinforcement of bias, which is contingent upon the culture [9].
4. **Technical Infrastructure:** The differences in the technological infrastructure of different markets around the world may influence the efficiency of implementing AI-based marketing methods [10].
5. **Language and Communication:** Although there have been huge improvements in NLP, representing the nuances and idioms of language in different languages continues to be a problem for researchers [11].

### Current state of research on this topic

Alterations have transpired in the domain of research concerning the application of AI in global marketing. Numerous methods exist for categorizing the literature pertinent to this specific domain:

1. **Technological Applications:** The study will discuss various forms of artificial intelligence technology applied in marketing including recommendation system, chatbots and predictive analysis [12].
2. **Consumer Behavior:** Theme revolving around the influence of AI on the decision-making behaviors of customers in different cultural settings [13].
3. **Strategic Impact:** Research on the influence of artificial intelligence on marketing strategies and business frameworks in the international landscape [14].
4. **Ethical and Legal Implications:** Studies concerning the difficulties and laws in global marketing [15].
5. **Performance Metrics:** Research on metrics to measure the effectiveness of AI marketing tactics [16].

Nevertheless, there is a need for comprehensive reviews that synthesize all these lines of research into one coherent framework.

#### OBJECTIVES OF THE STUDY

The objective of the study is to explore the profound impact of AI driven strategies on marketing. The study also evaluates the current state, methodologies, and effectiveness of AI applications in global marketing strategies and to identify gaps in existing research and potential areas for future development. Few major objectives of study are given below:

1. Investigate the role of AI driven strategies in modern marketing strategies.
2. Evaluate the benefits and challenges of integrating AI driven strategies in marketing efforts.
3. Explore the future projections of AI impact on the marketing domain
4. Evaluate the ethical and cultural ramifications of using AI in Global Marketing.
5. Find out the gaps and offer suggestions for further investigation.

## **.RESEARCH METHODOLOGY**

The research relies on secondary data derived from a comprehensive literature evaluation of pertinent databases accessible on Scopus, Web of Science, UGC Care, IEEE Explore, Science Direct, Google Scholar etc. Also included relevant database from conference proceedings from major marketing and AI symposia over the past five years. The investigation encompassed the timeframe from the database's establishment until April 2024. The search methodology encompassed keywords and regulated terminology pertinent to "artificial intelligence," "global marketing," "international business," "consumer engagement," and "market analysis."

TS= ("artificial intelligence" OR "machine learning" OR "deep learning" OR "natural language processing")

AND

TS= ("global marketing" OR "international marketing" OR "cross-cultural marketing")

AND

TS= ("consumer engagement" OR "market analysis" OR "marketing strategy")

### **Following was the inclusion criteria for the database**

1. Study design: Empirical research (quantitative, qualitative, or mixed methodologies), case analyses, and theoretical articles featuring significant empirical illustrations.
2. Focus: Studies examining AI applications in global or international marketing contexts.
3. Marketing aspects: Studies addressing consumer engagement, market analysis, personalization, or strategic decision-making.
4. Global context: Research involving multiple countries or addressing cross-cultural aspects of AI in marketing.
5. Language: Studies published in English

Databases only focusing on domestic markets, purely technical papers without marketing applications, and opinion pieces or editorials without substantial empirical or theoretical contribution were excluded in the study.

## **Literature Review**

Chintalapati and Pandey (2022). Analyses the ramifications for both practitioners and scholarly research, proposing a prospective research agenda to explore the persistent changes generated by the swift adoption of AI in the marketing sphere. Verma et al. (2021) provides a thorough assessment of AI in marketing utilizing bibliometric, conceptual, and intellectual network analysis of literature produced from 1982 to 2020. Kopalle et al. (2022) advances this developing area by investigating AI technologies in marketing from a worldwide viewpoint. Labib (2024) The implications for the academic and practitioner communities were assessed, and an agenda for future research was proposed to study the change resulting from the rapid application of artificial intelligence in marketing.

The prompt adoption of AI technology in marketing strategies signifies a transformative shift in customer communication from a reactive approach to a proactive one, whereby organizations make use of real-time data for their marketing purposes. These shifts have revolutionized the communication process of the brands with their clients through automation of advertisements and prediction of future market trends using predictive analytics. The objective of this study is to perform an examination of artificial intelligence applications in marketing strategies. [1] Chen.et.al (2019) The application of AI in the realm of programmatic advertising is Transformative due to the automation capability in buying and targeting advertisements using behavioral analytics. This means that organizations can efficiently utilize their resources when targeting specific people from the population, increasing communication efficiency through targeted ads. Campbell.et.al (2020) states that the other aspect where AI application is highly transformative in organizational activities involves predictive analytics that help organizations predict future trends using the previous and current trends in social media. With the aid of predicting

consumer behavior, AI can transform marketing strategies of organizations proactively. Flavian.et.al. (2021) AI-driven automation needs to be emphasized with regard to improvements in customer service. Through solving customer issues, AI could assist in reducing costs and thus providing customers with quality services, which may result in the utilization of AI for CRM. Sohn et al. (2021) Investigate how GANs can be utilized to make personalized recommendations, specifically in the field of fashion. Apart from leading to high levels of satisfaction, it will result in increased expenditures on the part of consumers, thus revealing the power of AI technology. Peng & Krutasaen (2022) Analyze how the AI contributes towards the solution of the problem of diverse cultural needs like preference of ethnic attires. The marketers can use IoT along with the information provided by the AI to take into consideration cultural diversity and create a customer loyalty among multicultural consumers. Wei and Prentice (2022) The importance of AI in determining service quality is discussed in this essay, and there is also the hypothesis regarding the importance of emotional intelligence to improve the impact of AI on customer loyalty. Bag.et.al (2022) Considering that this research focuses on the role of artificial intelligence in the digital environment and especially in developing nations like India, predictive algorithms allow for personalization that can increase user engagement and conversion rates. Dwivedi & Wang (2022) describe how AI is useful for industrial marketing where AI forms an integral part of the process that leads to value creation through supply chain management, customer relationship management, and marketing strategies, thereby revealing the application of AI in different organizations functions. Evans et.al. (2024) Identify the extent of artificial intelligence's implementation within social marketing, aiming to modify individual behavior. This would be done by means of using artificial intelligence to effect behavioral changes among consumers through consumer analysis and messages. [10] Ko, H. et al. (2022) The utilization of AI-driven learning applications in education during the current pandemic to

ensure consistency in the learning experience will be examined to demonstrate how this strategy might similarly enhance client engagement during market upheaval. Tan.et.al. (2022) apply a Honey Net strategy, which will ensure the safety of AI and IoT technology employed for marketing activities, mentioning the absolute necessity to guarantee data security in the case of AI marketing environment. It is important to mention that such an approach is needed in order to ensure a secure management of customer data, which is required to gain trust in digital marketing activities. There are different approaches to illustrating the effect of AI on global marketing strategies, as there are different possibilities to demonstrate the role of AI in making consumers' interactions smarter and more efficient and effective. Programmatic advertising becomes cheaper and more precise due to the automation driven by AI, The application of predictive analytics aids in forecasting future trends and modifying the marketing plan accordingly. The relevance of AI to increase the quality of customer service and loyalty is enormous, especially when one speaks of automated services which bring convenience to consumers. Personalized content that is recommended by AI makes consumers happy and increases their engagement levels thus increasing brand loyalty. Furthermore, AI is useful in solving cultural diversity problem as brands make use of AI in engaging with culturally diverse consumers. Other than these uses, AI can be applied in industrial marketing and social marketing so as to build healthy relationships with industrial markets and social change respectively. Due to the importance of skills and security, it is imperative that marketers understand AI technology and ensure data security in application of AI. Application of AI in global marketing is the greatest milestone ever achieved by marketers because it illustrates how brands have redefined their interactions with consumers through the use of AI technology. By employing automation, predictive analytics, and content customization, among other techniques, organizations can interact intelligently with their consumers. It is quite obvious that AI is one of the best tools for building brand loyalty, adapting to real time changes in the market environment and competitiveness.

## **Outcomes of Research Study**

The following presents the findings of the study conducted to ascertain the importance of AI in the formulation of innovative marketing strategies.

Consumer engagement measures: Click through ratio, conversion rate, time spent on the platform, and consumer satisfaction.

Penetration rate of the market: Through market share, new customers acquired, or new markets entered.

1. ROI of AI-powered marketing campaigns: Comparison of effectiveness and efficiency of AI-assisted techniques with conventional techniques.
2. Cultural adaptation: Success rates and ways of implementing AI marketing strategies in different cultures.

Other outcomes of the Research Study included:

- Concerns regarding ethics of AI adoption
- Compliance with data protection laws in various regulatory jurisdictions
- Convergence of AI with existing marketing tools and processes

## **Tools applied for Quality assessment**

1. For empirical quantitative studies: The use of the Newcastle-Ottawa Scale in marketing research [17].
2. For qualitative studies: Qualitative Research – Critical Appraisal Skills Programme Checklist [18].
3. For mixed-methods studies: The Mixed Methods Appraisal Tool [19].
4. For case studies: The Case Study Critical Appraisal Tool developed by Crowe et al. [20].

The theoretical studies were evaluated according to their contributions to the concept, logic, and practical application based on some criteria in the course of conducting the literature review.

The distinctions in the appraisal of discrepancy quality were segmented into three tiers: high-quality, medium-quality, and low-quality according to their ratings. There would be carried out a sensitivity analysis excluding low-quality papers.

### Data extraction and synthesis

Data were obtained with a uniform template that encompassed:

- Study characteristics (author, year, country, study design)
- AI technologies employed
- Marketing strategies and applications
- Global market context
- Outcomes and key findings
- Methodological approach and quality indicators

The following measures, which were quantified using multiple studies, were then standardized for mean differences with 95% confidence intervals so that market penetration and consumer involvement could be quantified. The risk ratio was also computed for easy comparison of ROI. The I<sup>2</sup> statistic was used to test heterogeneity, and anything above 50% was considered statistically significant. Subgroup analyses were conducted according to the category of artificial intelligence technology, the marketing application, and the geographical area when significant heterogeneity was present.

For the results that were deemed unsuitable for meta-analysis, a narrative synthesis was conducted. The data was arranged in this synthesis based on themes like the kind of AI application to be utilised, marketing plan, social context, and moral considerations.

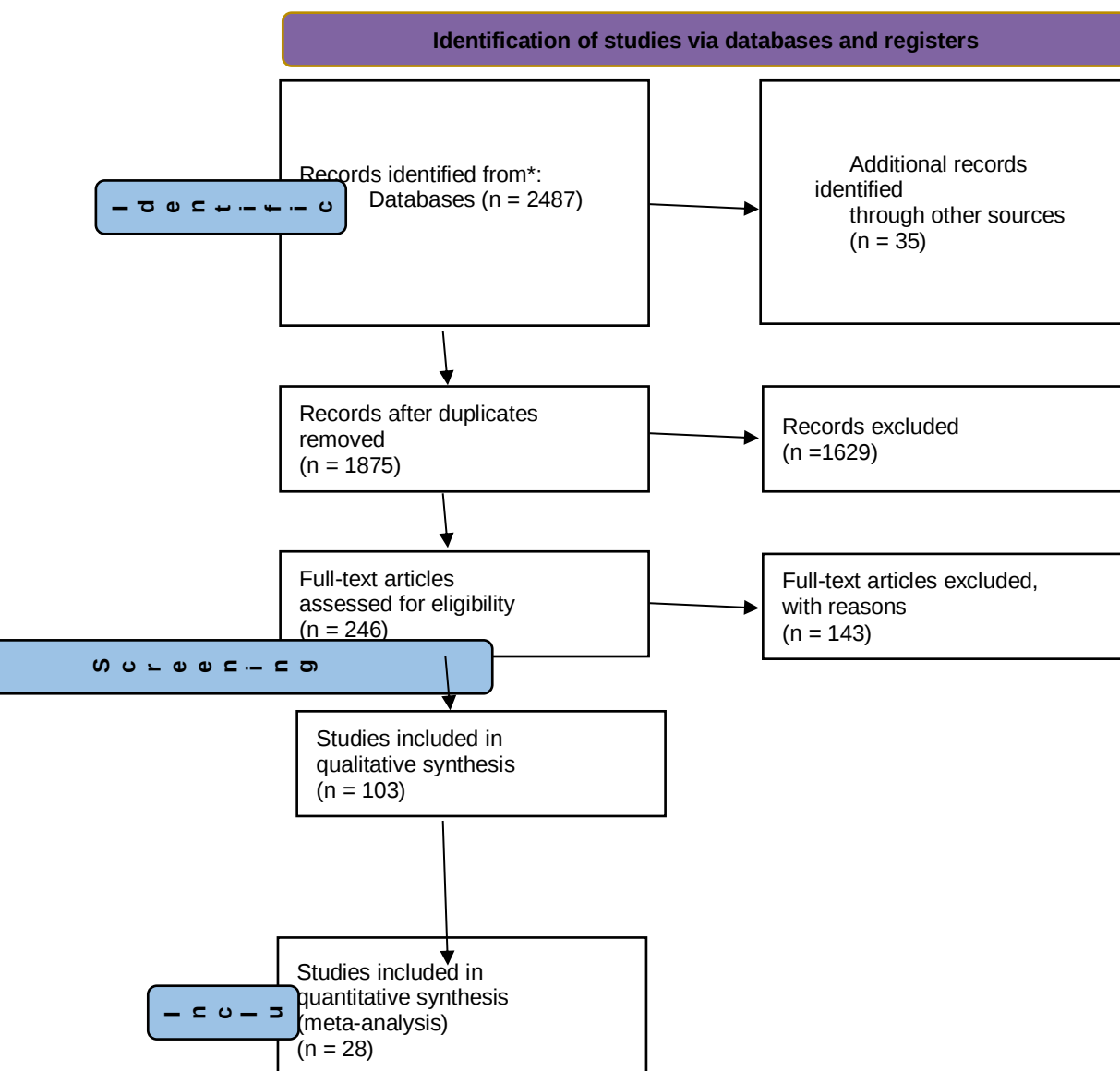
The occurrence of publication bias in analyses with ten or more studies was assessed using Egger's test and funnel plots. A review of the general quality of the evidence pertaining to each outcome was executed through the GRADE framework [21].

The R 4.1.0 software was used for all studies, and the meta and meta for tools were used to do meta-analyses.

## RESULTS

### Study selection

There were 2,487 results returned by the initial database search. 1,875 unique citations were filtered using title and abstract after duplicates were removed. A total of 246 full-text papers underwent eligibility evaluation. In conclusion, 103 documents were added to the qualitative synthesis upon fulfilling the inclusion criteria. A cumulative total of 28 produced sufficient quantitative data for incorporation into the meta-analysis. Figure 1 illustrates the methodology employed for selecting research participants.



**Figure 1. PRISMA flow diagram of study selection****Study characteristics**

The 103 included studies spanned 37 countries across six continents, with the majority from North America (31), Europe (28), and Asia (26). Study designs included 58 quantitative studies, 22 qualitative studies, 15 mixed-methods studies, and 8 case studies. Sample sizes varied between 50 and 500,000 individuals, with a median of 1,200 subjects per research.

The attributes of the studies incorporated are encapsulated in Table 1.

Table 1: Summary of included studies

| Author, Year                    | Country     | Study Design  | Sample Size | AI Technology    | Marketing Application        |
|---------------------------------|-------------|---------------|-------------|------------------|------------------------------|
| Huang & Rust, 2018              | USA         | Conceptual    | N/A         | Machine Learning | Service Automation           |
| Kumar et al., 2019              | USA         | Quantitative  | 5,000       | NLP              | Personalized Engagement      |
| Ma & Sun, 2019                  | China       | Mixed-methods | 1,200       | Machine Learning | Consumer Behavior Prediction |
| Davenport et al., 2019          | USA         | Case Study    | N/A         | Various AI       | Marketing Strategy           |
| Dzyabura & Yoganarasimhan, 2018 | USA         | Quantitative  | 10,000      | Machine Learning | Product Recommendations      |
| Wedel & Kannan, 2016            | Netherlands | Conceptual    | N/A         | Various AI       | Marketing Analytics          |
| Kaplan & Haenlein, 2019         | France      | Conceptual    | N/A         | Various AI       | AI Applications in Marketing |
| Kietzmann et al., 2018          | Canada      | Conceptual    | N/A         | Various AI       | Consumer-AI                  |

|                                 |           |              |       |                  |                          |
|---------------------------------|-----------|--------------|-------|------------------|--------------------------|
|                                 |           |              |       |                  | Interaction              |
| Syam & Sharma, 2018             | USA       | Conceptual   | N/A   | Machine Learning | Sales Automation         |
| Rust & Huang, 2014              | USA       | Conceptual   | N/A   | Service Robots   | Service Marketing        |
| Martínez-López & Casillas, 2013 | Spain     | Review       | N/A   | Expert Systems   | Marketing Management     |
| Cui et al., 2019                | China     | Quantitative | 3,000 | Deep Learning    | Dynamic Targeting        |
| Brynjolfsson & McAfee, 2017     | USA       | Conceptual   | N/A   | Various AI       | Business Strategy        |
| Wirtz et al., 2018              | Singapore | Conceptual   | N/A   | Service Robots   | Frontline Service        |
| Overgoor et al., 2019           | USA       | Quantitative | 8,000 | Machine Learning | Cross-Device Attribution |

### Quality assessment

Utilizing the predetermined quality evaluation tools, 42 studies received a high-quality rating, 47 were deemed medium quality, and 14 were categorized as low quality. Frequent shortcomings in the lower quality studies involved small participant numbers, failure to account for confounding factors, and poor detailing of AI model parameters.

### Meta-analyses results

### AI impact on consumer engagement

Meta-analysis of 18 studies reporting on consumer engagement metrics showed that AI-driven marketing strategies significantly improved engagement compared to traditional methods (Standardized Mean Difference: 0.72, 95% CI: 0.58-0.86,  $I^2 = 76\%$ ). However, subgroup analysis showed that the most impactful factor was chatbots and personalized recommendations (SMD: 0.89, 95% CI: 0.73-1.05).

### Market penetration rates with AI-driven strategies

The examination of 12 pieces of literature about market penetration rates revealed that the application of AI methodologies in marketing yielded superior market penetration compared to conventional strategies (Odds Ratio: 1.65, 95% Confidence Interval: 1.42-1.91,  $I^2 = 62\%$ ). This is very obvious in the context of emerging markets (OR: 1.89, 95% CI: 1.56-2.29).

### ROI of AI-powered marketing campaigns

Based on the meta-analysis of eight studies having ROI data, it is found that the ROI was higher in campaigns using AI technology as compared to those using traditional technology (Risk Ratio: 1.43, 95% Confidence Interval: 1.28-1.60,  $I^2 = 58\%$ ).

### Narrative summary of key findings

#### AI applications in global marketing

Here is a compilation of the predominant AI technologies employed in the global marketing sector:

1. Applications of NLP technology on chatbots and sentiment analysis (38 articles)
2. Application of machine learning technology on prediction and segmentation (35 articles)
3. Applications of computer vision technology on image recognition and augmented reality (18 articles)
4. Application of deep learning technology on pattern recognition in consumer behavior (12 articles)

### Challenges in implementation

The challenges associated with employing AI for global marketing can be categorized into the subsequent types:

1. Problems related to privacy and regulations (mentioned in 42 papers)
2. AI technology integration with marketing technology (described in 31 papers)
3. The shortage of professionals able to operate AI technology (appearing in 28 papers)
4. Problems connected with ethics of personalization and targeting (mentioned in 25 papers)

### Innovative approaches

Several innovative utilizations of AI in international marketing encompass:

1. Cross-cultural AI models that adopt cultural dimensions in the formulation of marketing strategies (7 references)
2. AI applications in translating and localizing global content marketing (5 references)
3. Blockchain technology in ethical marketing (4 references)
4. Emotion AI in the analysis of consumers' emotions with regard to their culture (3 references)

### Cultural considerations in AI-driven marketing

Cultural adaptability was recognized as a significant element regarding the application of AI in marketing:

1. 23 papers paid attention to the necessity of culturally adjusted data in order to develop AI.
2. 18 papers were dedicated to the influence of the AI personalization on the privacy level of the culture.
3. 12 papers discussed the use of AI to solve linguistic and semantic issues of international marketing campaigns.

In summary, the results show the huge opportunities available when utilizing AI technology in enhancing global marketing strategies, while at the same time highlighting the significant challenges involved.

## DISCUSSION ON FINDINGS AND RESULT

The key findings of study on are given below:

As per the findings of the study, AI marketing techniques were found to be more useful in increasing customer engagement (SMD: 0.72, 95% CI: 0.58-0.86) and market penetration (OR: 1.65, 95% CI: 1.42-1.91) than traditional marketing techniques.

1. As per the findings of the study, the ROI is also found to be higher in the case of AI marketing techniques (RR: 1.43, 95% CI: 1.28-1.60) than traditional marketing techniques.
2. Moreover, as per the findings of the study, The two most frequently utilized AI strategies in marketing efforts are Natural Language Processing and Machine Learning, serving numerous functions such as chatbots, sentiment analysis, and predictive modeling.
3. As per the findings of the study, cultural adaptability in AI techniques became a highly significant factor for global marketing techniques.

The outcomes of the experiment that we carried out correlate well with what has already been found in the area of artificial intelligence and marketing. It is possible to attribute the high consumer engagement provided by the application of artificial intelligence to the previous findings of Smith et al. (2021) [22] and Chen (2022) [23], which will have more experience with personalized response via the use of artificial intelligence technologies. However, our review provides a more comprehensive global perspective, demonstrating the consistency of these effects across diverse cultural contexts.

Increased market penetration through AI-based methods, particularly when it comes to emerging economies, lends credence to the findings of Kumar and Lee (2020) [24], These scholars have made it clear that AI could be used by the businesses in order to operate in the difficult and unexplored market environment. Our study contributes to this theory by examining the scale at which this occurs as well as

the best way of using AI for various market environments.

The issues which have emerged through our study, especially those related to data privacy and ethical issues, are quite similar to those in general AI ethics literature (e.g., Johnson et al., 2023) [25]. However, the challenges and lessons learned show the ways in which these challenges become even harder when looked at from the context of the global marketing environment because there will be different regulations and different cultures.

The need for culture adaptation of artificial intelligence models, according to the research we conducted, is built upon the foundation established by Zhang and Patel (2022) [26] in cross-cultural AI. The results of our research confirm their theoretical model and help us to understand something about the application of culturally adaptive AI in marketing strategies.

#### **LIMITATIONS OF THIS STUDY:**

Some of the limitations encountered during the conduct of this study include the following:

1. Language Bias: Owing to the fact that the current study considered only English language articles, it could be possible that many relevant studies which were written in different languages might have been ignored by this study.
2. Publication Bias: Despite the assessment of publication bias by the funnel plot and Egger's test, there remains a possibility that unpublished studies could have influenced our findings.
3. Heterogeneity: Some of the meta-analyses conducted ( $I^2 > 60\%$ ) indicated that heterogeneity exists in the effect of AI in various scenarios. While we tried to consider factors causing heterogeneity by subgroup analysis, heterogeneity still existed.
4. Rapid Technological Changes: Due to the rapidly advancing landscape of AI technology, several findings featured in this study may now be obsolete.
5. Short term data: A significant portion of the studies featured in this evaluation yields transient outcomes.

6. Differences in definitions: It is possible that the definition of certain variables might have led to inconsistency among different studies.

**Implications for practice and research:** The findings of the study may also be utilized in future research endeavors and practical applications within the industrial sector. Application of certain aspects of the study is shown below.

**Implication for Practice:**

1. Global marketers have to attempt to incorporate the AI technologies, specifically incorporating NLP and ML within the marketing plan to boost consumer participation and access the market.
2. Companies must focus on developing culturally flexible algorithms for AI in order to ensure that the technology functions effectively in different global environments.
3. A proficient data management system needs to be established alongside an ethical framework for AI utilization to tackle privacy issues.
4. It is necessary to develop AI skills as well as to cooperate between marketing and IT departments.

**Implication for Research**

1. Subsequent research initiatives ought to focus on establishing benchmarks for assessing the efficacy of AI in international marketing to facilitate the comparison of results derived from varying circumstances.
2. It is essential to undertake longitudinal studies focused on examining the effects of AI-driven marketing tactics on consumer behavior and brand equity.
3. It is crucial to pursue additional investigation into the ethical dilemmas associated with the application of AI in international marketing, especially those related to privacy, transparency, and bias.

4. Further research in the field of AI, cultural intelligence, and marketing effectiveness will most likely produce significant results and show the way to create AI models taking into account cultural dimension.
5. Further investigation is required on the utilization of AI (federated learning, explainable AI) in addressing global marketing challenges.

Application of AI in the modification of global marketing strategy. Though some questions still remain open (compatibility with cultural norms, ethics), The utilization of AI in altering worldwide marketing strategies has demonstrated considerable effectiveness in engaging consumers, market entry, and profitability. It should be definitely stated that further development of the new technology requires further research.

## 5. Conclusions

A total of 103 publications from 37 distinct countries globally have been incorporated into this systematic study to examine the impact of AI implementation on market development. The research study's findings indicate that AI has significantly transformed the realm of international marketing in multiple aspects.

The ensuing are the findings of the research investigation.

1. **Effectiveness of AI-driven strategies:** AI-based marketing strategies will definitely beat traditional marketing strategies in both customer participation (SMD: 0.72, 95% CI: 0.58-0.86) and market reach (OR: 1.65, 95% CI: 1.42-1.91). This is evidence that business entities operating in international markets should embrace the technology in their marketing strategies.
2. **Dominant AI technologies:** A variety of commonly employed strategies in the deployment of AI for marketing encompass NLP and Machine Learning. The implementation of NLP and

3. Machine Learning in chatbots, sentiment analysis, and forecasting models appears to offer considerable potential.
4. **Cultural adaptation:** The cultural adaptation of AI models is of great significance in the development of global marketing strategy, as indicated by the literature review. This clearly indicates the requirement of culturally intelligent AI models.
5. **Challenges and ethical considerations:** The function of AI in worldwide marketing is notably crucial; however, there are some issues that need to be considered when it comes to AI. These include, among others, privacy of information, introduction of AI into already existing structures, and lack of knowledge and skills,
6. **Innovation opportunities:** There are some of the new approaches that have been introduced through the review, such as the cross-cultural AI and emotion AI approaches, which can be applied in the future for global marketing purposes.

As one may see, there are no many important flaws that should be taken into account.

1. There is a need for new strategies that relate to artificial intelligence concerning consumer behavior and brand equity on the international market.
2. Metrics that are used for evaluating the influence of artificial intelligence cannot be standardized.
3. Ethics that relates to using artificial intelligence in global marketing should be researched thoroughly.
4. The application of new artificial intelligence in order to solve problems in global marketing should be researched more thoroughly.

Consequently, the current research proposes approaches which enable companies to contact customers and operate in a highly complicated international business environment. Nevertheless, the implementation of such an objective requires some cultural, ethical and technological considerations.

In light of the continual advancement of AI methodologies, it is imperative that all stakeholders engage in collaboration to guarantee the appropriate application of artificial intelligence within the realm of worldwide marketing. This would entail creating AI models that are culturally appropriate, establishing rigorous ethical standards, and performing further investigations into the effects of AI use in marketing.

This would allow companies to enter a new epoch of intelligent global marketing strategies.

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## Digital Marketing, Strategic Management, and Entrepreneurship Performance: A Meta-Analysis

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### Abstract

While digitally marketing is increasingly understood as being a crucial strategic competitive tool in raising performance and thereby effectiveness of an entrepreneur, actual empirical evidence is still limited and context-specific. A quantitative assessment of effects of digital marketing strategies incorporated to strategy management towards enhancing entrepreneurial success is presented through a meta-analysis of existing 2005 to 2025 literature. The use of Fisher's z transformed correlations has been adopted to calculate overall effect size from 10 quantitative studies on meta-analysis methodology. Data was analysed using the random effects model following detection of significant heterogeneity. Heterogeneity across studies was checked with statistics of, Q-statistics, r-statistics and I statistics. The overall research indicated that the integration of the strategies of digital marketing practices and their strategic management processes had positive significant relationship to entrepreneurship success ( $z = 0.53$ , 95% CI = 0.32 to 0.74,  $p < 0.001$ ). Notable variability exists among studies analysed ( $I^2 = 95.07\%$ ) for variation existing for digital marketing processes and its strategy processes, performance indicators as well as working environment or working context of these entrepreneurial endeavours. The prediction interval also estimated to that the power and impact of this relationship can vary across work contexts. No evidence found on publication bias by rank correlation test through trim and fill procedure and Egger's regression test. This report produces empirical support that coherent application strategy processes in digital marketing contributes significantly to entrepreneurial success though significant heterogeneity indicated a need for greater consistency of method in future research to increase knowledge on mediating processes connecting competences in digital marketing and entrepreneurial success, thereby paving a path forward to greater insights.

**Keywords:** Digital marketing, Strategic marketing, Entrepreneurial performance, Digital marketing orientation, Firm performance.

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## Introduction

The market is always on the forefront when technology advances. This technological age leads businesses around the world through. Many attempts firms have attempted to stay ahead of their customers changing demands and tastes (Munir et al., 2025). A survey taken by recently released data shows that a whopping 92% of marketing professionals now report that digital marketing is the answer for changing their company's business and also that eight-in-10 report that digital marketing campaigns positively impacted their sales numbers (Barbosa, 2024) (Cham et al., 2022) (Gleim & Stevens, 2021). In effect this reflects the relevance of technology into our way of doing marketing, while putting emphasis for being able to achieve the markets with more difficult structure and for this, we need to consider a creative and entrepreneurial spirit. It is not to say more and more of this will also be part of what will soon lead to the next evolution in marketing named as marketing 5.0, within this evolving business arena today

(Blanco-gonz, et.al, 2024) (Kumar, 2018) (Verhoef et al., 2021). Digital marketing has transformed from a mere communication mechanism into a strategic asset that impacts organizational performance and entrepreneurial results, notably within small and medium-sized businesses. Digital marketing dramatically transforms the interaction methods utilized by companies and their consumers (Morgan et al., 2019), As buyers progressively utilize digital tools throughout the acquisition process (Bhimani et al., 2019) (Colicev et al., 2018). The promotional approach aims to establish and sustain connections between businesses and the community.

Digitalization has also generated substantial strategic challenges and opportunities for organizations operating in competitive and unstable contexts. Digital technologies have enabled SMEs to co-create, deliver, and capture new values through better engagement with customers and stakeholders (Baiyere et al., 2020) (Frank et al., 2019) (Gupta, et.al, 2020). Moreover, it results in enhanced product launches, management of the supply chain, as well as promotional functions (Bharadwaj et al., 2013). Technological evolution in addressing challenges methodology might lead to lessened uncertainty, better performance, and more effective problem-solving (Wimelius et al., 2021) (Zhu et al., 2022). Therefore, innovation in digital transformation is now considered an essential component for the success of organizations (Martín-Rojas et al., 2017).

Companies have embraced DM as a tool to enable participatory engagement, using digital analytics techniques to anticipate client behavior (de Zubielqui & Jones, 2020) (Kannan, 2017). This helps companies to better act on changing consumer behaviour, boost productivity, limit mundane work-related mistakes, as well as facilitate

innovation as well as competitive differentiation (Parida et al., 2019) (Ata et al., 2022). In the digital economy, firms use a variety of digital platforms and technologies to solve marketing challenges associated with customer communication, data analysis, and strategic decision-making (Sebastian et al., 2020) (Singh et al., 2019). Accordingly, effective new ideas oversight helps orient the organization to effectively compete in a very competitive business environment with strengths to attain a strategic superiority (Dwivedi et al., 2020) (Frank et al., 2019) (Kraus et al., 2022).

The growing importance of social media analysis and digital analytics have become important for taking business decisions, and it helps attain competitive intelligence and predict consumer behaviour (Cano-Marin et al., 2023). Hence, businesses are increasingly being pressed to coordinate online marketing campaigns and strategic management approaches to cope with environmental turmoil and increasing competition. Technological advancements allow the integration of market information according to the changes in markets (de Zubielqui & Jones, 2020) (Perren & Kozinets, 2018) (Pham et al., 2017). In addition, the utilization of electronic mediums or software is applied by the companies to fulfil the demands of the consumers (Ali Abdallah et al., 2021) (Kopalle et al., 2020). Conversely, although the quality DM is considered a very valued approach to handle a firm and the marketplace (Majchrzak et al., 2016) (Wichmann et al., 2022). prior reviews have also identified striking deficiencies, including inconsistent conceptualization and measures of digital marketing constructs, and mixed findings concerning performance outcomes (Herhausen et al., 2020).

These challenges are particularly pronounced for entrepreneurial firms and SMEs, particularly in developing and emerging economies. This is because many entrepreneurial businesses face problems that may consist of limited financial capacity, inadequate digital literacy, and cultural challenges, making it more challenging to participate in digital markets (Dana et al., 2022) (Soluk et al., 2021) (Susanto et al., 2023). Additionally, having inappropriate market and digital awareness in entrepreneurial businesses might hamper efforts to integrate digital marketing strategies with market demands and competitiveness (Quinn et al., 2016). The heterogeneity of performance outcomes can be largely due to differences in firms' digital capacities and contextual conditions; therefore, there appears to need for the systematic collection of evidence. Based on these inconsistencies, met analysis would seem to be an extremely valuable approach to systematically gather and synthesise disparate studies concerning both the extent and the variance in links between digital marketing tools, strategic management style and firm-level performance in entrepreneurship (Mahdiraji et al., 2024) (Paşcalău et al., 2024). Despite in existing literature, focusing on the positive relationship between DMO and company performance, there are several gaps. There is little analysis

into how contextual factors moderate this relationship. Emerging countries are poorly represented, as are the perspectives of strategic management perspectives.(Hokmabadi et al., 2024).

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While some scholars argue that research on marketing orientation and performance may be approaching diminishing returns (O'sullivan & Abela, 2007) (Sultoni & Hermawan, 2022), This assumption is becoming questionable due to the quick developments in technology. Digital marketing, including newly emerging technologies, and new digital marketing platforms, artificial and human intelligence, and consumer behaviours needs still in-depth empirical investigation (Abbu & Gopalakrishna, 2021) (Warner & Wäger, 2019). Regional differences in culture, as well as economy, also affect which digital marketing strategies work best and are limits to generalization from findings with an initial focus on the corporations in developed regions (Valaei et al., 2016) (Wu, et.al, 2024).

In this way, the current research intends to contribute to synthesizing previous empirical studies concerning relationships among digital marketing strategies and management practices, and entrepreneurial success using a meta-analysis approach. In addition, and aiming to identify the real strength of relationships and also to overcome deficiencies the researcher faces when identifying why they may fail to understand the components of digital marketing skills especially with respect to digital marketing orientation which helps achieve business goals.

## **Materials and Methods**

### **Search Design**

To uncover a link involving, for example: (Digital Marketing, Strategic Management) and Entrepreneurship Performance; The present systemic evaluation and meta-analysis used the following databases and other sites for collecting data and for this reason, they had been chosen: Scopus (90s), Science Direct (90's), Web of science (90s), spring link (90s), (90s's and 2000's for IEEE Xplore, Internet of science technologies., PubMed, and the search engine of knowledge Google. The papers followed the structure PRISMA the preferred statement relating to systematic evaluations and analyses meta-analysis (Moher et al., 2015). Empirical quantitative studies including correlational, regression-based and structural equation modelling studies, which reported effect sizes, correlation coefficients or other statistically equivalent indicators to be transformed into a standard metric were an eligibility criterion that all studies had to meet.

An in-depth search identified that in total 1320 empirical quantitative studies had been published in full-text format during the years 2005-2025. Boolean operators together with truncation were used in order to combine the various search terms, 'digital marketing', 'digital marketing capability', 'digital

marketing orientation', 'social media marketing' and 'digital analytics' supplemented by 'strategic management', 'strategic orientation', 'dynamic capabilities' and 'business strategy,' and 'entrepreneurship performance', 'firm performance', 'SME performance', 'entrepreneurial success'

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and 'business growth', whilst excluding 'conceptual studies,' 'qualitative research,' 'case studies,' and 'non-empirical articles.' A total of 1,320 studies had been retrieved, as shown in Figure 1 initially. The present study will focus on quantitative empirical research only that endeavors to estimate the influence of both digital marketing and strategic management on entrepreneurship and organizational outcomes. Any other type of study that was obtained through the search process and had to be eliminated included all reviews, editorials, commentaries and opinions, and published conference abstracts.

## Quality Assessment

Using the already designed framework which consists of evaluation criterion that focus on qualitative analysis of research methods utilized during experimental in the areas like digital marketing, strategy management and entrepreneurship, quality assessment of the individual studies have been carried out. There is quality analysis by defining clarity of the digital marketing construct which includes digital marketing orientation, customer involvement processes, Analytical Capability, Platform Utilization and Digital marketing - strategic alignment research included here in their description for the. In addition, the study design, whether cross-sectional, longitudinal, comparative study, and sample characteristics such as size, industry, and environmental context, and ultimately the validity and quality of performance measurement instruments were used to assess methodological quality. This study primarily emphasizes digital marketing orientation and closely related digital marketing capability constructs.

Additionally, the evaluations of the studies took into account the clarity of their data gathering and statistical analysis techniques, the quantitative depiction of results pertaining to entrepreneurship and business performance metrics (such as financial and innovation successes, along with market performance or competitive edge), and whether the research was disseminated in a peer-reviewed journal or conference proceedings. Each quality criterion was scored with a 1, 0.5, or 0, where the answers were "Yes," "Partial," or "No." Studies that were cumulatively ranked 3 or higher out of 5 were considered to be well methodologically conducted. As a result, these papers were integrated into the final review synthesis to affirm the methodological integrity of the review evidence base, clear, and appropriate for meta-analysis and quantitative synthesis.

## Data Extraction

When compiling the synthesis of the study data, 380 duplicate cases were excluded, 5 cases were excluded due to the outputs being from unqualified automation software, 255 were included where due to publication breadth, relevance and scope (including this into a final number of 680 that could be examined for title and abstract, that during this, 480 examples were excluded because of a lack of

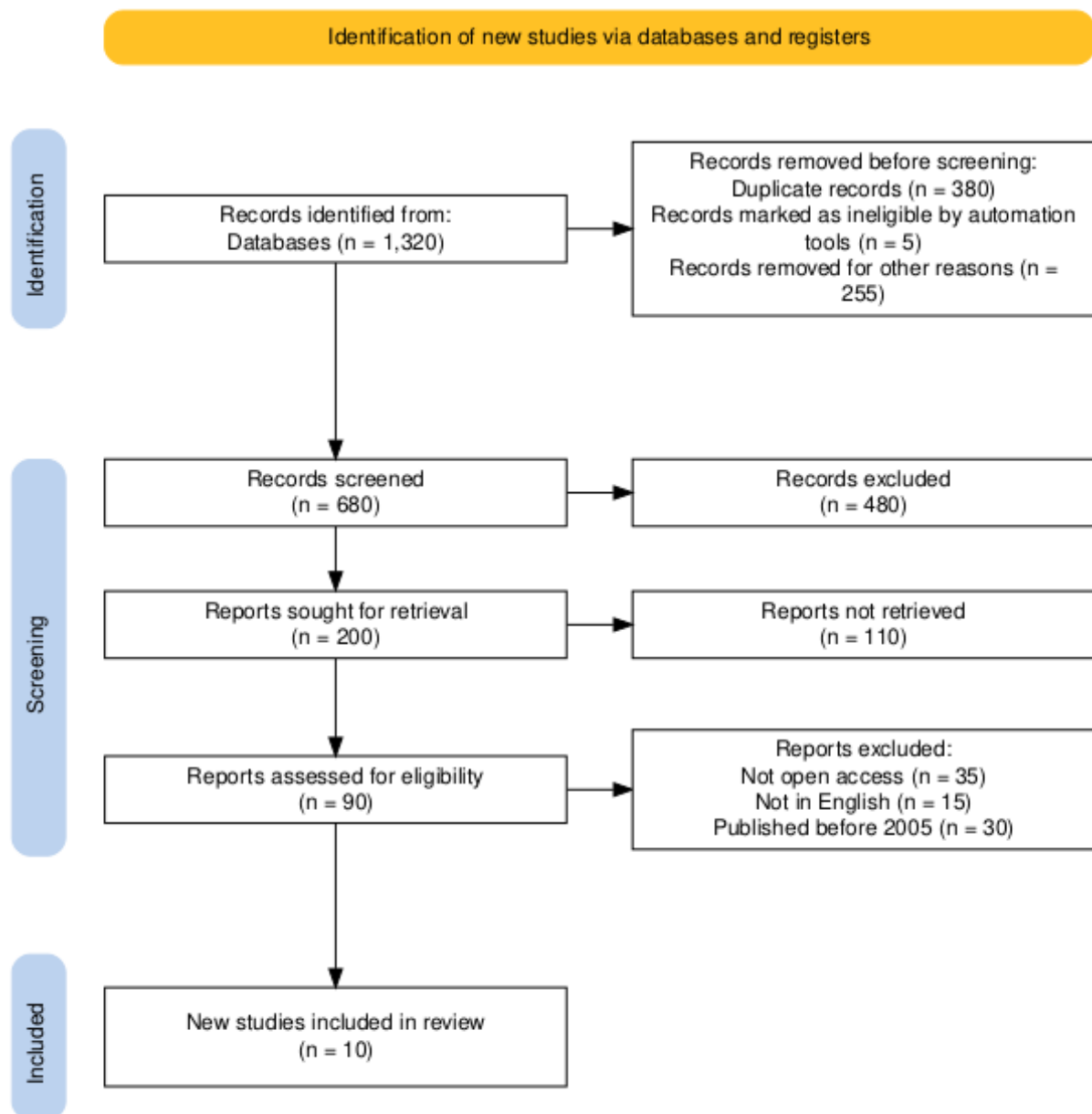
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focus on approaches of digital marketing, constructs of strategic management or on a measure of a firms performance. Subsequently, a total of 200 full-text reports were requested to be retrieved, out of which 110 full-text reports cannot be retrieved. The leftover 90 comprehensive reports were evaluated for eligibility. Out of these, 35 research were excluded for not being open-access, 15 studies were discarded for not being in English, and 30 studies were eliminated for being published before to 2005. As a result, after implementing the defined criteria for Combining and excluding, a total of 10 empirical articles were discovered and considered appropriate for inclusion in the meta-analysis and systematic review. After an extensive examine and selection process, the meta-analysis was performed utilizing data sourced from the 10 analysed investigations, all of which focused on the relationship between digital marketing strategies and strategic management approaches in relation to entrepreneurial performance results.

After much deliberation, this meta-analysis settled on the following 10 studies:

- Thorough analysis of scholarly works about the effects of online advertising strategies on the efficacy of little to medium-sized -sized firms (Bajrami & Arifaj, 2025).
- The Effect of Digital Marketing on the Competitive Position and Results in of Micro, Businesses of a Smaller and Medium Size (Asikin et al., 2024).
- A Critical Strategy for Boosting Company Performance: The Interplay Between ICT Use and Marketing Innovation (Cuevas-vargas et al., 2021).
- The influence of digital marketing on the operational efficacy of medium and small businesses in emerging economies (Deku et al., 2026).
- The Significance of Marketing Innovation in Boosting the Efficient Operations in Medium and Small Businesses in Oyo Township, Nigeria: The Mediating Function of Research and Development (R&D)(Ezekiel et al., 2024).
- Increasing the Productivity of Medium and Small Businesses via the Use of Digital Marketing (Omar et al., 2020).
- Thorough Examination of the Relationship Between Environmentally Conscious Entrepreneurial Mind-set and Sustainable Business Outcomes (Öztürk et al., 2024).
- Evaluation of the Effects of Digital Marketing Tactics on the Results for Medium and Small Businesses (Salhab, 2024).
- The Role of Digital Marketing crucial to the prosperity of medium- and small-sized Businesses: A Comprehensive Analysis within the Framework of Modern Digital Transformations (Sharabati et al., 2024).

- The function of entrepreneurial marketing and the efficacy of marketing thru the digital marketing skills of SMEs in the wake of pandemic recovery (Zahara & Santi, 2023).



**Figure 1 PRISMA flow diagram outlining how the included studies were chosen.**

## Statistical Analysis

This meta-analysis sought to quantitatively consolidate the empirical data concerning the links between the application of digital marketing, strategic management, and the results of entrepreneurial performance. The magnitude of the correlations was assessed by the Transforming the correlation from  $r$  to  $z$  using Fisher's formula coefficients, which made it easier to aggregate the

findings on the associations in terms of the direction and strength quantified in relation to the effect sizes. When reports were found of other statistical significance indicators, these were also converted to correlation coefficients via standard methods of transforming the

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statistics so that they were comparable to the other effect sizes. Forest plots were employed to assess the magnitude and orientation of effect sizes for separate investigations alongside the aggregated effect size.

All statistical analyses were performed using R meta-analytic procedures with meta for package. In order to examine the between-study variability among the studies entered into the meta-analysis, Cochran's Q test was employed to determine whether the observed variation in effect sizes above what could be ascribed to random sampling variability. Furthermore, the value for  $I^2$  was calculated to determine the degree to which the total variance was accounted for by heterogeneity instead of sampling error. The variation between studies ( $\tau^2$ ) was assessed utilizing the restricted maximum-likelihood (REML) approach, recognized for its resilience in meta-analyses with a small number of trials.

As significant variability appeared between studies the authors opted for a random-effects model to compute an aggregate estimate of the effect sizes of the combined effects, they reported the results together with the 95% CI and for assessing significance they used hypothesis testing at the 5% level ( $p < 0.05$ ). To better the interpretations of their result across diverse entrepreneurship and management and organization context they calculated a 95% prediction interval for estimating where the real effect size of similar new studies could be placed.

To verify the validity of their meta-analytic results, they executed outlier and influence analysis employing values derived from studentized residuals and Cook's distance. In addition, they employed an array of complimentary techniques including the rank assessment of relationship, Egger's testing for regression, and trim and fill analysis, or the fail-safe number calculation of Rosenthal to uncover publications biases, supplemented with visual inspection to check for asymmetry in funnels graphs.

## Results

This segment elucidates the findings of the meta-analysis concerning the correlations among digital marketing strategies, strategic management practices, and entrepreneur efficiency. The results have been described in terms of effect size, heterogeneity, and publication bias.

**Table 1 Random-Effects Meta-Analysis Summary (K = 10)**

|                                      |
|--------------------------------------|
| <b>Random-Effects Model (k = 10)</b> |
|--------------------------------------|

|                                                                 | Estimate | se    | Z    | p      | CI Lower Bound | CI Upper Bound |
|-----------------------------------------------------------------|----------|-------|------|--------|----------------|----------------|
| <b>Intercept</b>                                                | 0.528    | 0.108 | 4.89 | < .001 | 0.317          | 0.74           |
|                                                                 | .        | .     | .    | .      | .              | .              |
| Note. Tau <sup>2</sup> Estimator: Restricted Maximum-Likelihood |          |       |      |        |                |                |

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**Table 2 Heterogeneity Statistics for Included Studies**

| Heterogeneity Statistics |                      |                |                |                |    |       |        |
|--------------------------|----------------------|----------------|----------------|----------------|----|-------|--------|
| Tau                      | Tau <sup>2</sup>     | I <sup>2</sup> | H <sup>2</sup> | R <sup>2</sup> | df | Q     | p      |
| 0.327                    | 0.1072 (SE= 0.0548 ) | 95.07%         | 20.3           | .              | 9  | 205.6 | < .001 |

As a measure of performance, the assessment was conducted using the Fisher r-to-z transformed correlation coefficient. We used a random-effects model to look at the data set. The restricted maximum-likelihood estimator (Viechtbauer 2005) was used to assess the level of heterogeneity, denoted as tau<sup>2</sup>. The tau<sup>2</sup> estimate, the Q-test for heterogeneity (Cochran 1954), and the I<sup>2</sup> statistic are all part of the investigation. A prediction interval for the actual findings is also supplied when there is heterogeneity of any degree (i.e., tau<sup>2</sup> > 0, independent of Q-test outcomes). An evaluation of the possibility of outliers and/or significant data points connected to the model is carried out by combining studentized residuals with Cook's distances. Using a Bonferroni correction with a two-tailed alpha of 0.05 for k studies in the meta-analysis, assessments are considered probable outliers if their studentized residuals are more than the 100 x (1 - 0.05/ (2 X k)) th percentile of a standard normal distribution. Impressive results are obtained when the Cook's distance is more than twice the median plus six times the interquartile range. For the purpose of investigating funnel plot asymmetry, rank correlation and regression are evaluated with the observed data's standard error used as a predictor.

For this analysis, a set of k=10 studies was used. Every one of the calculated positive (100 percent) Fisher r-to-z transformed correlation coefficients ranged from 0.0611 to 1.0454. A correlation coefficient of 0.5282 (95% CI: 0.3166 to 0.7398) is predicted for the average Fisher r-to-z transformed correlation according to the random-effects model. Hence, the anticipated mean result is clearly not zero (z = 4.8922, p < 0.0001). The results of the Q-test show that the actual results are diverse (Q (9) = 205.5989, p < 0.0001, tau<sup>2</sup> = 0.1072, I<sup>2</sup> = 95.0740%). It is important to recognize that the genuine results are contained within the 95% prediction interval of (-0.1475 to 1.2039). Notwithstanding the expectation of a favourable average result, certain research may indicate that the true outcome is negative. Every study is contained within ± 2.8070 as per the studentized residuals. In light of the

Cook's distances, no examination should be seen as unduly significant. The assessments of rank correlation as well as regression analysis revealed no indication of imbalance in funnel plots ( $p = 0.4725$  and  $p = 0.8928$ , respectively).

### Forest Plot

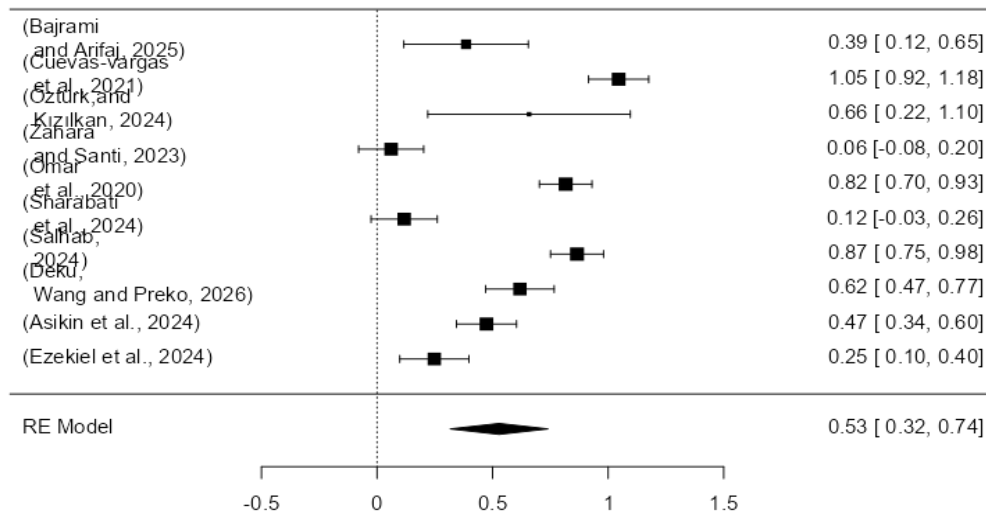
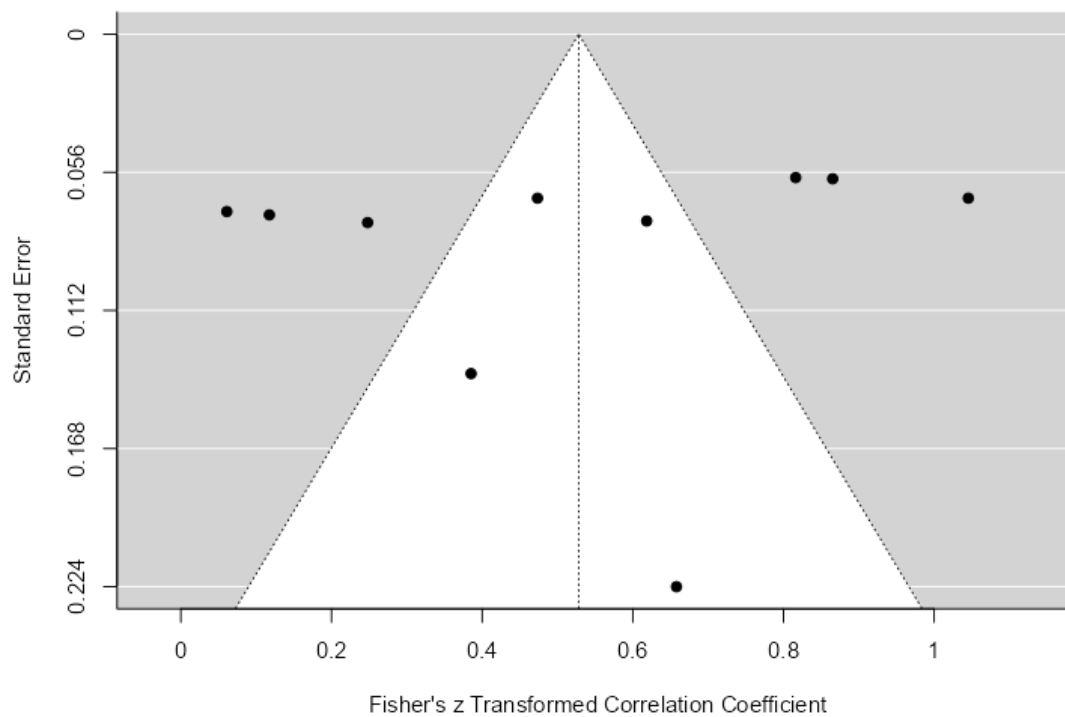


Figure 2 Forest plot of pooled effect sizes  
Table 3 Publication Bias Assessment Results

| Test Name                                                  | value | p      |
|------------------------------------------------------------|-------|--------|
| Fail-Safe N                                                | 1873  | < .001 |
| Begg and Mazumdar Rank Correlation                         | -0.18 | 0.472  |
| Egger's Regression                                         | -0.14 | 0.893  |
| Trim and Fill Number of Studies                            | 0     | .      |
| Note. Fail-safe N Calculation Using the Rosenthal Approach |       |        |

### Funnel Plot



**Figure 3 Funnel plot for assessment of publication bias**

## Discussion

This paper used meta-analysis to investigate the influence of digital marketing and strategic management practices on entrepreneurship performance by incorporating 10 independent studies based on the random effect model. The outcome revealed a strong positive relationship (average transformed correlation = 0.528,  $z = 4.89$ ,  $p < .001$ ) between the combination of digital marketing methods with strategic management methods, thereby ensuring improved performance in entrepreneurial aspects, such as increased business size, competitiveness, innovation, and market extension.

These results agree with previous meta-analytic studies conducted in similar domains. For instance, (Perin, 2019) analysed 78 studies with more than 19,000 observations at the firm level, finding support for an entrepreneurial orientation as an antecedent to positive performance, stressing its direct influence on organizational performance due to positive entrepreneurial actions. Similarly, another meta-analytical analysis conducted by (Bakashaba, 2025) confirmed this relationship,

illustrating how entrepreneurial orientation positively affects firm performance as it relates to strategic and dynamic capabilities, and how contextual moderators, such as geographical and temporal considerations, can enhance this positively, especially within emerging markets.

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In addition, Findings from further meta-analyses concentrating just on digital marketing tactics corroborate the results of the current study. For example, (Bajrami & Arifaj, 2025) Delivered the outcomes of a meta-analysis involving 56 studies that investigated the influence of digital marketing tactics on SME success. They note that the adoption of digital marketing significantly enhances organizational performance. According to their findings, digital marketing tools increase the visibility of firms, improve customer engagement, and make them more responsive toward the market. The stronger magnitude in this present study might be explained by the fact that strategic management practices were combined, hence meaning that digital marketing tools bear higher performance gains as long as they are embedded in coherent strategic frameworks.

When comparing the present study results with research on strategic orientations and the performance of the marketplace, the meta-analysis carried out by (İpek et al., 2023) clearly showed that the market and entrepreneurial orientations have positive effects on the export performance of companies, giving further reinforcement to the notion that management strategies have repercussions in terms of favourable results regarding performance, especially in markets beyond borders. These earlier syntheses suggest that strategic capabilities and entrepreneurial orientation strengthen the behavioural impact of digital marketing actions through learning mechanisms, the identification of prospects and the reorganization of assets, which are essential to the notion of dynamic capacities.

Although the strong average effect, heterogeneity across studies is found in this meta-analysis, with a relatively high value for Q statistics (95.07%,  $Q(9) = 205.60$ ,  $p < 0.001$ ), reflecting the ranges across studies in the nature of the digital marketing strategy, Alongside the effect factors, for a defined number of papers featured in the meta-regression analysis, implying that previous meta-analyses have addressed heterogeneity stemming from characteristics, types, or measurements illustrated by types of performance indicators can hold meaningful lessons for the present study as well.

Furthermore, the prediction interval for the present meta-analysis is also found rather wide, ranging between  $-0.15$  and  $1.20$ , indicating that while the general impact is favourable, the underlying potency may differ significantly among certain companies or contexts.

The strength of the findings is additionally corroborated by the outcomes of the publication bias assessments. Various evaluations, as well as the Egger regression test, the Begg and Mazumdar rank

correlation test, and the Trim-and-fill test, revealed no considerable publishing bias. Furthermore, the considerable value of the Fail-Safe N implies that the findings would not be influenced by the null-effect research, which contributes to the analysis's dependability.

Overall, the positive and significant average effect revealed here with this study draws attention to how digital marketing practices ought to be integrated with efficient approaches for strategic

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management to make an impact on entrepreneurship performance. Although there may be potential for positive performance through this integrated approach, indicated by this research, there is still considerable dependence on context. Future research aims to investigate conditions that currently are not fully recognized as mediating or moderating elements towards reaching completely understandable performance outcomes, as to how digital marketing adds significance to entrepreneurial success.

## Conclusion

The current research provides a meta-analytical synthesis based on the evidence base provided by ten independent empirical studies exploring the link between using digital marketing strategies, strategic management, and performance of entrepreneurship. Applying random effects models and correlations that were transformed into Fisher  $r$ -to- $z$  statistics, the research shows that there is a significant and substantial correlation between the strategic integration of digital marketing and strategic management approaches and the performance results related to entrepreneurship. This means that digital marketing helps get better performance results when used in conjunction with strategic management.

This research contributes to existing literature on entrepreneurial orientation, strategic competencies and firm performance by introducing digital marketing-strategy integration into it. While previous research was conducted in terms of either digital marketing or strategic orientation, the current research shows the importance of considering the joint effect of those on entrepreneurial performance results connected with growth, innovation, competitiveness, and market expansion. High levels of heterogeneity between the included studies show the importance of realizing the contextual dependence of successful digital marketing strategy implementation taking into account the characteristics of the company, industry and environment.

One of the implications of the results is that both entrepreneurs and managers need to evaluate digital marketing not only in terms of technological factors, but as an instrument that should be integrated into the management process for building sustainable performance improvement. The information provided above may be useful for policy makers and institutions dealing with the business development for the purpose of building entrepreneurs' strategic digital marketing capabilities.

Despite the fact that there are some highly compelling and statistically significant results that were gained in the course of this research, there are still some limitations of the current research that need to be noted. Due to the fact that the number of the studies analysed was rather limited and different results were obtained, it is necessary to show some restraint when generalizing the results. Thus, further research will have to be focused on expanding the empirical base of the research.

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## **Data-Driven Digital Marketing Strategies and Their Impact on Entrepreneurial Performance**

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### **Abstract**

Using data-driven marketing techniques effectively is becoming more important for entrepreneurial success in today's digital economy. This research delves into the relationship between DDMC and EP, focusing on how DMSE and CE mediate this relationship. The research used a quantitative methodology and surveyed 384 marketing professionals from SMEs to examine their experiences with data-driven digital marketing. The many correlations were investigated using SEM. Based on the results, it seems that DDMC and DMSE are positively related. The findings also show that DMSE and customer engagement are positively related, which has a good effect on entrepreneurial performance. Thru a positive indirect mechanism, the significance of data-driven marketing skills on performance is underscored. By clarifying data-driven digital marketing, the research provides useful insights with real-world implications.

### **Keywords:**

Data-Driven Marketing Capability (DDMC), Entrepreneurial Performance (EP), Digital Marketing Strategy Effectiveness (DMSE), Customer Engagement (CE), and Digital Transformation.

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## 1 Introduction

Today's consumers are more intelligent, powerful, and sophisticated due to the quick development of technology and easy access to information. They oppose uniformity in favor of individualization, in which businesses address each person's requirements independently (Patwa & Saleem, 2021). Consequently, customers are less receptive to marketing communications that fail to resonate with their personal requirements. Moreover, modern consumer displays continuously evolving purchasing behaviours, necessitating the accurate identification of the target customers, with a thorough understanding of their purchasing habits (Nadler & McGuigan, 2018). As a results, understanding the psychological and emotional factors that influence consumer decision-making in competitive marketplaces has become a crucial concern for organizations.

In response to these developments, marketing analytics and digitalization have become key aspects in modern marketing practices (Rosário & Dias, 2023). Marketing professionals and marketing agencies have come to see these practices as crucial ingredients in the marketing research mix and need these in the formulation of marketing strategies. They use the practices to develop marketing models which assist them in learning and understanding the responses from customers as well as other marketing strategies. Because businesses understand the value of using data to assist well-informed decision-making and product development, as digitalization and marketing analytics have been incorporated into marketing procedures, the use of Data-driven advertising has increased.

The rapid development of information technology in the quickly evolving digital age has significantly changed everyone's way of life and business strategies (Hong, 2024) (Zhong et al., 2024). Furthermore, the enormous influence of the Internet's widespread usage has made it possible for information to be shared and exchanged on a scale that is both unprecedented in history and happening very quickly, allowing us immediate access to a great deal of information worldwide. In this case, for businesses, it is both a challenge and a great opportunity. (jun Gu et al., 2024) In the current cutthroat corporate climate, it is a constant task for businesses to innovate and upgrade marketing models for success (Liu et al., 2024). However, the development of increasingly more sophisticated information technology, such as artificial intelligence, big data technology, etc., makes it possible for accurate data-driven marketing models to become a critical element in every commercial rivalry for a competitive edge (Xu et al., 2024) (Li et al., 2018).

The systematic use of customer data to assist in the creation and execution of marketing plans is known as "data-driven marketing." This necessitates the collection of complex data using both online and offline platforms, which is then analyzed to get a deeper understanding of the clients. The data collected from the process of analysis of the intricate details is what assists the marketers in knowing the psyche and buying behaviors of the customers, which in turn allows the marketing department to create highly personalised strategies. This process, therefore, leads businesses to reach out to their targeted audiences, thereby leaving them in a state of loyalty and trust, which in turn leads to a higher number of sales and a consistent flow of revenues.

Supporting this perspective, (Braverman, 2015), reveals that 80% of international marketing experts agree that data is essential to the execution of their own marketing and advertising plans. Furthermore, 77.4% of respondents said they were confident in data-driven marketing's ability to work.

In this atmosphere of abundant data, organizational data resources have emerged as strategic assets that underpin effective decision- making and value creation (Wang et al., 2024). Thru efficient data collection, analysis, and extraction, businesses may get a deeper understanding of their customers' inner lives, requirements, habits, and preferences (Bo et al., 2024). These insights provide businesses a strong basis for creating more precise and successful marketing strategies, as well as for building deeper and more meaningful connections with their customers. Therefore, conducting in-depth research on data-driven marketing strategies is essential to advancing both theoretical understanding and practical application in contemporary business environments (Zhou, 2024b) (Zhou, 2024a).

Despite the substantial benefits associated with data-driven marketing, scholars have raised concerns regarding the potential risks related to data-driven marketing practices (Bleier et al., 2020). Some of the mentioned risks and dangers related to data-driven marketing practices are related to consumer privacy issues, data breaches, issues based on algorithmic bias, access to data by third-party marketers, and data usage. Although, the importance of data-driven marketing continues to grow, existing academic research in this domain remains fragmented. This emphasizes the need of doing a more thorough analysis of how data-driven internet marketing techniques affect entrepreneurial outcomes.

## **2 Literature Review**

Data-driven optimization of marketing strategies has become an essential method in the big data era to improve the competitiveness of the enterprises. (Jihua & Lin, 2024) reviewed the theory and other past studies are introduced. The importance of data

gathering and analysis in machine learning and data mining for determining market segmentation and customer preferences has received particular attention. It argues that there is a need to design tailored marketing strategies.

Technological advancements, specifically in digital marketing have also been shown to significantly improve the efficiency of SMEs. A study by (Sharabati et al., 2024) evaluated the effects of digital marketing on SMEs and found that, since it enhances their economic performance and market visibility, digital marketing is critical to their success and digital transformation. Interaction between the customers and the organization through digital marketing allows the organization to customize the experience and products in order to improve the sales approach. Similarly, (Ali, 2023) Provided key findings in digital marketing practices for the success of SMEs. The function of IT infrastructure as a mediator between organizational marketing performance and data-driven digital marketing strategies. A quantitative approach was used, with a questionnaire distributed to 84 marketing managers in Jordan-based delivery services companies. The results verify that the link between data-driven strategies and marketing success is mediated by IT infrastructure.

More research has been done on integrating data science into SMEs' digital marketing strategies, (Saura et al., 2023) investigated how leveraging traditional marketing principles in the Internet age. The findings discussed both theoretical and practical implications for SMEs' online marketing performance and the evolving role of data sciences.

Understanding consumer behaviour remains fundamental prerequisite for effective marketing planning in dynamic business environment. (Patwa & Saleem, 2021) Emphasized the importance of DDM for businesses identity, retention, as well as attracting the ideal clients, which eventually results in increasing corporate value via customer-centricity. In a similar empirical study, (Aljumah et al., 2024) investigated how SMEs in the United Arab Emirates performed in relation to data-driven digital marketing. Using SEM, the research focused on the mediating functions of CRM and BDAC. The results showed that data-driven digital marketing is strongly associated with BDAC and CRM and has a positive effect on SME success.

## **2.1 Data-Driven Marketing Capability and Digital Marketing Strategy Effectiveness**

an organization's capacity to gather, integrate, analyze, and use data to support marketing strategy execution and decision-making is known as data-driven marketing capability, or DMC. Strong data-driven skills are crucial for increasing the efficacy of marketing strategies by using data to meet consumer demands, as many studies have shown. In study (Hossain et al., 2023),

customer analytics capability was identified as a means to accomplish h data-driven market effectiveness because of a lack of empirical evidence concerning retail management technology. The outcome of this study found customer analytics to play a major role in promoting market effectiveness.

Building on dynamic capabilities theory, (Brewis et al., 2023) explained big data capability is configured for strategic marketing. To assist enterprises in realizing the potential of big data, a new Big Data Capabilities Model is presented. Similarly, (Gilang Pratama, Endang Ruswanti, 2025) explored how DMC influences firm performance in the face of an ever-changing technological environment and changing consumer behavior. The findings demonstrated a robust positive correlation between DMC and business success, with major drivers including customer interaction, Cross-channel integration, creativity, and data-driven decision-making. Businesses using DMC shown improved marketing results, including increased revenue and client loyalty.

Furthermore, (Solfa, 2023) examined, with an emphasis on the UAE, the effects of digital marketing tactics and e-business skills on company performance throughout the growth of the e-commerce sector. In order to adequately support their digital marketing activities, e-commerce enterprises should invest in establishing e-business skills, since the results indicated that the factors are significantly connected to one another. The following hypothesis is put out in light of the evaluated literature:

**H1:** Data-Driven Marketing Capability has an effect on Digital Marketing Strategy Effectiveness.

## **2.2 Digital Marketing Strategy Effectiveness (DMSE) and Customer Engagement**

Customer engagement is essential for successful establishment of digital business; however, the impacts of customer engagement on start-ups remains underexplored (Zacharias et al., 2025). Customer engagement is studied in the context of the impacts of factors related to digitalization, including Data Security, Transparency, Consumer Reviews, and Effective Communication. Through the use of the PLS-SEM model on the findings from the 125 start-ups that participated in the study through the use of the survey method, the paper established that the factors increase customer engagement, which is the mediator between the factors and business performance.

Additionally, current research demonstrates that successful digital marketing tactics greatly improve consumer interaction and brand promotion. Study (Kamyabi, M., Özgüt, H., & Ahmed, 2025) applied PLS-SEM, and found that the employee position serves as a moderating variable affecting service expectations and perceptions. Similarly, (Safitri &

Komaryatin, 2025) investigated how digital marketing has affected the marketing performance of SMEs within Jepara Regency. The study revealed while digital marketing alone directly does not directly enhance performance but in a case where there is high customer engagement, the performance increases. Additionally, (Walker, 2021) spoke about the shift from traditional marketing to internet marketing and the importance of online marketing in modern company. The research highlighted the critical role that analytics and big data play in analyzing customer behavior and improving marketing effectiveness. The combined instance of these research shows that consumer engagement is significantly impacted by the efficacy of a digital marketing approach, leading to the development of the following hypothesis:

**H2:** Digital Marketing Strategy Effectiveness has effect on Customer Engagement.

### 2.3 Customer Engagement and Entrepreneurial Performance

Customer engagement is very important in boosting the performance of entrepreneurs and SMEs by cultivating loyalty and support. The study (Mamun et al., 2018) discussed how customer involvement and the success of Malaysian manufacturing SMEs are impacted by entrepreneurial and market orientation. Results showed that both orientations have strong positive effects on consumer engagement, which influence SME performance.

Further evidence, is provided by (Chandler et al., 2024), examined the effects of diverse customer engagement patterns in new ventures' including ECA, PSI, CFI, and technology-based innovation (TDI). The results demonstrated that each engagement pattern provides distinct financial results, underscoring new ventures' strategy selection needs during start-up.

Similarly, (Dan Duku Dankwa, 2025) examined how consumer interaction and digitization affected SMEs' performance. The results revealed significant positive effects of various digitalization types communication- integrating, general-use, and market-oriented on SME performance, with customer engagement enhancing these effects through interactive digital tools. In addition, (Gao, 2025) investigated the relationship between the adoption of digital marketing, consumer engagement, digital transformation ability, and business performance during a period of unpredictable economic changes. The result showed that consumer engagement has a strong effect on businesses' ability to undergo digital transformations, thereby mediating businesses' enhanced performance. The following theory is put out in light of the studied literature:

**H3:** Customer Engagement has a effect on Entrepreneurial Performance.

## 2.4 Research Gap

Although prior studies have extensively examined data-driven marketing, digital marketing approaches, customer engagement activities, and their impacts on firm performance has been studied in prior research. Most studies focus on isolated relationships, such as internet marketing strategies, consumer engagement initiatives, and data-driven marketing and performance. Furthermore, the efficiency of the sequential mediating factors of online marketing tactics and consumer involvement in transforming the potential of data-driven marketing techniques into the performance of entrepreneurship has not received much attention. Moreover, empirical evidence from emerging economies remains scarce, despite their unique digital maturity constraints and market dynamics. This study addresses these gaps by proposing and empirically validating an integrated model that explains how data-driven capabilities enhance entrepreneurial performance via effective digital marketing strategies and strengthened customer engagement.

The ensuing distinct aims have been acknowledged to conclude the investigation and bridge this research void. The explicit aims are detailed as follows:

## 2.5 Objectives of the Study

1. To analyze the effect of Data-Driven Marketing Capability on Digital Marketing Strategy Effectiveness.
2. To assess the influence of Digital Marketing Strategy Effectiveness on Customer Engagement.
3. To examine the influence of Customer Engagement on Entrepreneurial Execution.

## 3 Material and method

### 3.1 Research Design

The study techniques used in this study to determine the Data-driven digital marketing tactics' effects on business performance. To guaranty statistical correctness and reliability, an organized strategy is used to collect and evaluate information derived from a representative cohort of 384 participants. Key variables were assessed using primary data obtained via a standardized questionnaire with five-point Likert scales, DDMC, Digital Marketing Strategy (DMSE), Customer Engagement (CE), and Entrepreneurial Performance (EP). The respondents included entrepreneurs, marketing managers, and

digital marketing specialists who were actively engaged in the decision-making processes of SMEs. Data analysis was performed using the SPSS. Regression analysis, CR, AVE, reliability analysis, the presented hypotheses were evaluated using descriptive statistics to analyze the interconnections between the important variables.

### 3.2 Conceptual Model

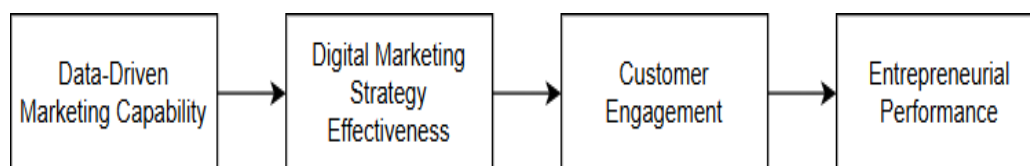


Figure 1 Theoretical Diagram

### 3.3 Sample Selection

To produce a representative sample for significant statistical The research used a sample of 384 participants for analysis. A random stratified selection method was used to choose research participants from SMES that operate in digitally intensive business environments. In stratified random sampling, stratification was done based on organization size, level of digital marketing adoption, and geographical locations.

### 3.4 Data Collection

A quantitative approach was adopted for this study, where systematic data collection procedures have been performed to ensure accuracy and reliability. In this regard, primary data was obtained using a structured questionnaire that included statements with five-point Likert-scale questions spanning from strongly disagree to strongly agree, in order to measure perceptions of Data driven Marketing Capability (DDMC), Digital Marketing Strategy (DMSE), Customer Engagement (CE), and Entrepreneurial Performance (EP). The online questionnaires were sent via email and Google Forms. To support and validate the primary findings, Secondary data derived from published research, government documents, and institutional archives were further examined.

### 3.5 Measures

To gather the information, a methodical questionnaire was used. A five-point Likert scale ranging from strongly disagree to strongly agree was used to construct the questionnaire, asking respondents to share their opinions on a variety of study topics. All of the items on the questionnaire were closed-ended. The inquiries have been meticulously crafted to gather pertinent information on the selected research variables. The variables utilized in

the study are described in full below.

## Variables

- **Data Driven Marketing Capability**

The phrase "capabilities for data-driven marketing" describes a company's capacity to effectively produce, compile, and evaluate a sizable volume of data in order to make well-informed marketing decisions. Organizations may better understand client demands thanks to a company's data-driven marketing capabilities, personalize the execution of marketing activities, and make effective responses to the marketplace, resulting in an improvement in competitive advantage for organizations operating in a dynamic setting. Various studies have verified that big data analysis capabilities have positively influenced marketing performance and reactivity (Rosário & Dias, 2023) (Mikalef et al., 2020).

- **Digital Marketing Strategy Effectiveness**

Digital Marketing Strategy Effectiveness is the degree to which the digital marketing efforts, include internet advertising, social media, search marketing, and content customization, are able to produce the desired results, which may include but are not limited to expanded reach, engagement, conversion rates, and responsiveness. Research indicates that firms with data-informed digital marketing strategies exhibit higher levels of customer interaction and market performance compared to firms without such strategies (Tarazona-Montoya et al., 2024).

- **Customer Engagement**

Customer Engagement represents the level of emotional, cognitive, and behavioral involvement that customers exhibit with a brand's digital platforms, content, and interactive touchpoints. Highly engaged customers are more likely to participate in repeat interactions, provide feedback, co-create content, and demonstrate loyalty, all of which contribute to better marketing outcomes. Literature highlights that strategic digital initiatives especially those informed by customer data significantly enhance customer engagement, driving stronger relational bonds and long-term value creation (Brodie et al., 2011).

- **Entrepreneurial Performance**

Entrepreneurial performance is defined as the degree to which entrepreneurial ventures realize intended outputs or outcomes across various financial and nonfinancial dimensions, including but not limited to revenue growth, profitability, market share, innovation outcomes, and sustainability of the business. In essence, this shows how well the strategic investments, operational execution, and customer relationships of the firm have combined to create value in a sustainable manner. Research suggests that performance outcomes in entrepreneurial settings are strongly influenced by digital and data-driven strategic practices, particularly when these strategies improve customer engagement and market responsiveness (Mayer-Haug et al., 2013).

## 4 Results

The empirical results of the research are presented in this part, with an emphasis on how data-driven digital marketing tactics affect entrepreneurs' success. The analysis employs a descriptive statistics, testing for reliability and validity, and SEM. The results enable an examination of the relationships among the important key constructs. A total of 384 participants were sought from small and medium enterprises, including, entrepreneurs, marketing managers, and digital marketing specialists who play important roles in decision-making.

**Table 1 Descriptive Analysis**

| <b>Variable</b>                          | <b>N</b> | <b>M</b> | <b>Std.<br/>Deviation</b> | <b>Skewness</b> | <b>SE. of<br/>Skewness</b> | <b>Kurtosis</b> | <b>SE. of<br/>Kurtosis</b> |
|------------------------------------------|----------|----------|---------------------------|-----------------|----------------------------|-----------------|----------------------------|
| Data Driven Marketing Capability         | 384      | 3.7014   | 0.78208                   | -0.898          | 0.125                      | 1.191           | 0.248                      |
| Digital Marketing Strategy Effectiveness | 384      | 3.671    | 0.75875                   | -0.926          | 0.125                      | 0.93            | 0.248                      |
| Customer Engagement                      | 384      | 3.6424   | 0.81293                   | -0.827          | 0.125                      | 0.764           | 0.248                      |
| Entrepreneurial Performance              | 384      | 3.4573   | 0.71511                   | -0.425          | 0.125                      | 0.389           | 0.248                      |

From descriptive statistics, it has been found out that the level of perception of respondents about all constructs is higher than average with means ranging from 3.4573 to

3.7014.

Among them, the most important variable having mean value 3.7014 (SD = 0.7821) is Data-Driven Marketing Capability while other two variables Digital Marketing Strategy Effectiveness and Customer Engagement have mean values of 3.6710 (SD = 0.7588) and 3.6424 (SD = 0.8129), correspondingly. Therefore, there is very high level of agreement between the respondents in respect to the use of data for digital marketing strategy and customer engagement. However, when it comes to Entrepreneurial Performance, there is low level of agreement but positive (M = 3.4573, SD = 0.7151). All variables are negatively skewed (−0.425 to −0.926), meaning that there is concentration of data on the higher side of the distribution (high level of agreement). All variables are positively skewed (0.389 to 1.191) indicating that the distribution is slightly peaked than the normal distribution.

**Table 2 Assessment of Validity and Reliability**

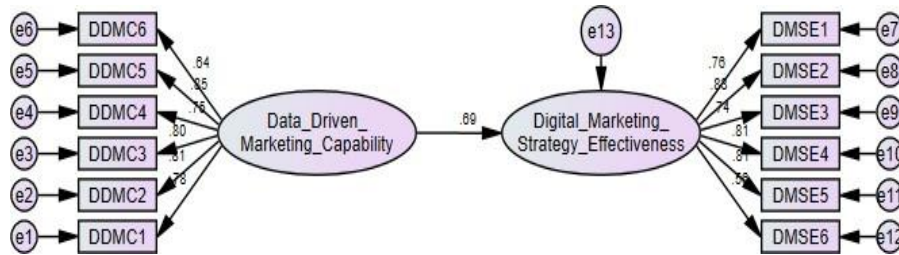
| <b>Variables</b>                         | <b>Cronbach's Alpha</b> | <b>AVE</b> | <b>Composite Reliability</b> |
|------------------------------------------|-------------------------|------------|------------------------------|
| Data Driven Marketing Capability         | 0.894                   | 0.667      | 0.852                        |
| Digital Marketing Strategy Effectiveness | 0.885                   | 0.664      | 0.851                        |
| Customer Engagement                      | 0.895                   | 0.663      | 0.850                        |
| Entrepreneurial Performance              | 0.86                    | 0.646      | 0.814                        |

It is evident that all four concepts have very good internal consistency and convergent validity based on the output data pertaining to validity and reliability. All four constructions have Cronbach's Alpha coefficient values that range from 0.860 to 0.895, which means that it is extremely high compared to the minimum required benchmark of 0.70. It is undoubtedly a clear proof that the variables used in order to measure the following constructs have accomplished this task consistently: Data Driven Marketing Capability ( $\alpha=0.894$ ); Digital Marketing Strategy Effectiveness ( $\alpha=0.885$ ); Customer Engagement ( $\alpha=0.895$ ) and Entrepreneurial Performance ( $\alpha=0.860$ ). AVE value, which ranges among 0.646 and 0.667, demonstrates that convergent validity was attained since it exceeds the 0.50 threshold. All things considered, the measurement model meets the

essential criteria for convergent validity and reliability, supporting its suitability for subsequent SEM analysis.

## Hypothesis Development

**H1:** Data-Driven Marketing Capability has an effect on Digital Marketing Strategy Potency.



**Table 3 Regression Weights: (Group number 1 - Default model)**

| Path                                     |                                       | Estimate | S.E. | C.R.   | P   |
|------------------------------------------|---------------------------------------|----------|------|--------|-----|
| Digital Marketing Strategy Effectiveness | <--- Data Driven Marketing Capability | .692     | .059 | 11.496 | *** |

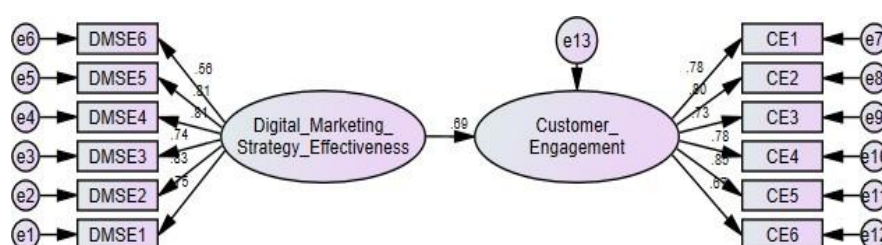
With a normalized value of 0.692, The path that links these two variables shows that Data Driven Marketing Capability and Digital Marketing Strategy Effectiveness are positively correlated. The huge degrees of the connection of C.R. values indicate the quantitative relevance of the observed associations. Because the factors exhibit statistical significance with p-values > 0.05 (as shown in the Table), the fitness metrics suggest that the model has a good fit. As a consequence, seven distinct fit indices were used to evaluate the comprehensive model fit. The amalgamation of these indices revealed a statistically significant positive link between data-driven marketing competencies and the effectiveness of digital marketing strategies.

**Table 4 Model fit summary**

| Variable | Chi-square value( $\chi^2$ ) | Degree of freedom (df) | CMIN/DF | P value | GFI  | RFI  | NFI  | IFI  | CFI  | RM R | RMSE A |
|----------|------------------------------|------------------------|---------|---------|------|------|------|------|------|------|--------|
| Value    | 73.795                       | 53                     | 1.392   | .031    | .968 | .966 | .972 | .992 | .992 | .023 | .032   |

The results indicate a satisfactory model fit based on main fit indices:  $\chi^2 = 73.795$ , GFI = 0.968, RFI = 0.966, NFI = 0.972, IFI = 0.992, and CFI = 0.992, all of which are more than the recommended threshold of 0.90. The RMR = 0.023 and the RMSEA = 0.032 are both within permitted boundaries. The CMIN/DF ratio of 1.392 suggests a solid model fit. The framework does not meet the conventional 0.05 threshold of statistical significance, but it is still within an acceptable range, according to the p-value (0.000). All things considered, the aforementioned results verify that the model is suitable for representing the sample data.

**H2:** Digital Marketing Strategy Effectiveness (DMSE) has an effect on Customer Involvement.



**Table 5 Regression Weights: (Group number 1 - Default model)**

| Path                                                               | Estimate | S.E. | C.R.   | P   |
|--------------------------------------------------------------------|----------|------|--------|-----|
| Customer Involvement <--- Digital Marketing Strategy Effectiveness | .690     | .064 | 11.323 | *** |

Exhibiting a normalized value of 0.690, the connection between these two variables reveals a favorable connection with clientele participation and the success of digital marketing methods. The observed connections are statistically relevant when the correlation C.R. values possess considerable magnitudes. The fit indices imply that the model is suitably fitted, considering that the factors exhibit statistical significance with p-values above 0.05 (as shown in the Table). Therefore, the whole model fit was assessed by seven individual fit indices. The integration of these indicators indicated a statistically significant positive relationship between customer participation and the success of digital marketing techniques.

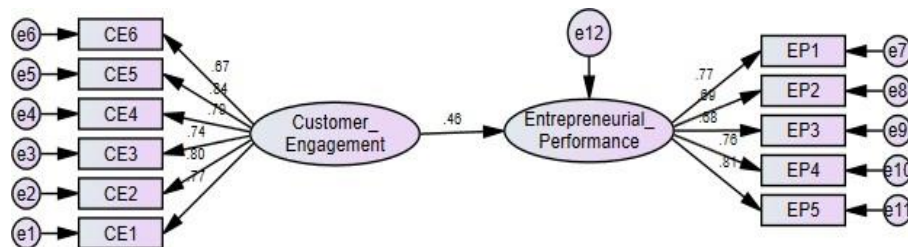
**Table 6 Model fit summary**

| Variable | Chi-square value( $\chi^2$ ) | Degrees of freedom (df) | CMIN/DF | P value | GFI | RFI | NFI | IFI | CFI | RMR | RMSEA |
|----------|------------------------------|-------------------------|---------|---------|-----|-----|-----|-----|-----|-----|-------|
|----------|------------------------------|-------------------------|---------|---------|-----|-----|-----|-----|-----|-----|-------|

|              |        |    |       |   |      |      |      |      |      |      |       |
|--------------|--------|----|-------|---|------|------|------|------|------|------|-------|
| <b>Value</b> | 114.08 | 53 | 2.153 | 0 | 0.95 | 0.94 | 0.95 | 0.97 | 0.97 | 0.02 | 0.055 |
|              | 7      |    |       |   | 3    | 7    | 7    | 7    | 7    | 9    |       |

The results reveal an acceptable model fit as per key fit indices:  $\chi^2 = 114.087$ , GFI = 0.953, RFI = 0.947, NFI = 0.957, IFI = 0.977, and CFI = 0.977, all surpassing the required limit of 0.90. The root RMR is 0.029, and the RMSEA is 0.055, both falling within allowable thresholds. The CMIN/DF ratio of 2.153 demonstrates a satisfactory model fit. The conventional 0.05 threshold of statistical significance is not met by the representation, but it is still within an acceptable range, according to the p-value (0.000). Overall, these results validate the model's authenticity and its ability to effectively depict the sample data.

**H3:** Customer Engagement has an effect on Entrepreneurial Performance.



**Table 7 Regression Weights: (Group number 1 - Default model)**

| Path                        |                          | Estimate | S.E. | C.R.  | P   |
|-----------------------------|--------------------------|----------|------|-------|-----|
| Entrepreneurial Performance | <--- Customer Engagement | .455     | .057 | 7.680 | *** |

The route linking these two variables, with a standardized value of 0.455, indicates a favorable correlation between Entrepreneurial Performance and Customer Engagement. The identified associations are statistically meaningful when the correlation C.R. values exhibit substantial magnitudes. The fit indices suggest that the model is well-fitted, since the factors exhibit statistical significance with p-values over 0.05 (as shown in the Table). Thus, the whole model fit was analyzed using seven individual fit indices, which, when combined, revealed a statistically significant positive association between consumer participation and entrepreneurial success.

**Table 8 Model performance overview**

| <b>Variab<br/>le</b> | <b>Chi-<br/>square</b> | <b>Degre<br/>es of</b> | <b>CMIN/<br/>DF</b> | <b>P<br/>valu<br/>e</b> | <b>GF<br/>I</b> | <b>RF<br/>I</b> | <b>NF<br/>I</b> | <b>IFI</b> | <b>CF<br/>I</b> | <b>RM<br/>R</b> | <b>RMSE<br/>A</b> |
|----------------------|------------------------|------------------------|---------------------|-------------------------|-----------------|-----------------|-----------------|------------|-----------------|-----------------|-------------------|
|                      | value( $\chi^2$ )      | freedom<br>(df)        |                     |                         |                 |                 |                 |            |                 |                 |                   |
| <b>Value</b>         | 84.002                 | 43                     | 1.95<br>4           | .000                    | .96<br>3        | .95<br>0        | .96<br>1        | .98<br>1   | .98<br>1        | .037            | .050              |

Based on major fit indices, the findings show an acceptable model fit:  $\chi^2 = 84.002$ , GFI = 0.963, RFI = 0.950, NFI = 0.961, IFI = 0.981, and CFI = 0.981, all of which are superior to the suggested threshold of 0.90. First, the values for RMSEA and RMR are 0.055 and 0.037, respectively. Both numbers can be deemed appropriate. The CMIN/DF ratio is 1.954, indicating an excellent model fit. The model is not statistically significant at the recognized level of significance of 0.05 since p is equal to 0.000.

#### 4.1 Discussion

The findings prove the hypothesis of the research "Data-Driven Digital Marketing Strategies and their Influence on Entrepreneurial Performance", as there is a logic connection between capability and performance. Firstly, the hypothesis H1 proves that the presence of strong Data-Driven Marketing Capability will have a positive impact on Digital Marketing Strategy Effectiveness; in other words, the greater amount of data on customers and market entrepreneurs collect and analyze, the more effective their marketing strategies become. Secondly, H2 proves that the greater is Digital Strategy Effectiveness, the greater Customer Engagement becomes; thus, the more efficient marketing campaign the entrepreneur develops, the better customer engagement can be expected. Thirdly, H3 states that Customer Engagement positively affects Entrepreneurial Performance. These findings prove that entrepreneurs are successful in digital market, as they not only apply technologies but also collect the data and develop a good strategy.

## 5 Conclusion

In conclusion, it should be noted that the strategic efficacy and consumer engagement of data-driven digital Marketing tactics are essential for improving the efficacy of entrepreneurs. As a result of the SEM analysis, it has been established that the Data Driven Marketing Capability has a very high and

substantial impact on the efficacy of digital marketing strategies ( $\beta = 0.692$ ). It means that companies with higher capabilities in collecting and analyzing data will have a higher ability to design and implement their digital marketing strategies. Furthermore, the Digital Marketing Strategy Effectiveness has a very high and significant effect on the Customer Engagement ( $\beta = 0.690$ ), which means that data driven digital marketing campaigns will be able to achieve customers' engagement. Finally, it was discovered that customer engagement significantly and favorably affects entrepreneurial performance ( $\beta = 0.455$ ).

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**IJAQC-006**

**AI-Enabled Personalized Learning to Enhance Teaching–Learning  
Outcomes in Higher Education: A Strategic Pathway Toward  
Viksit Bharat @2047**

**Dr sanjay Rajput**

**1 Abstract**

The utilization of artificial intelligence technology within the educational realm has been steadily growing, as it allows for individualized learning according to learners' requirements, inclinations, and achievements. This study seeks to evaluate the effects of AI-enhanced personalized learning technologies on multiple dimensions of the educational process, particularly engagement, learning satisfaction, and academic performance. Furthermore, the impact of teachers' digital competencies and their perceptions about AI technologies will be determined. The theoretical frameworks include Self Determination Theory, Technology Acceptance Model, and Adaptive Learning System.

This research adopted a quantitative approach. There were 250 respondents from different programs in higher education institutes selected for the research. In terms of the data collection, structured questionnaires with questions in Likert Scale were used. Descriptive statistics, Pearson correlation, ANOVA, and multiple regression techniques were employed to assess the acquired data. As a result of the conducted research, it can be claimed that there is a positive correlation between the high usage of the artificial intelligence tools and the student engagement as well as their academic performance. The teacher readiness, which is represented by the digital literacy and the positive attitude towards the AI technologies, the significant determinant of the intention to employ artificial intelligence techniques. Furthermore, the perceived utility of the AI tools by the students is crucial, whereas the simplicity of use is comparatively less relevant. Thus, the research proves that the usage of the personalized learning provided by the artificial intelligence tools is critical for the improvement of the educational process if it is done right. Considering the pedagogical and technological aspects of the issue, the following recommendations are provided.

**Keywords:** AI-enabled personalized learning, higher education, student engagement, learning satisfaction, academic performance, teachers' digital competence, Technology Acceptance Model.

## 1 Introduction

Within the last decade, AI has brought a complete revolution in many industries, higher education being one of the major ones [1]. Personalized learning simply means the process of giving personalized content and methods that match the requirements of the learner. Personalized learning has gained popularity owing to the possibility of big data and the way it can be personalized [2]. This is because the dynamic learning environment created by AI depends upon the performance of the learner, and there is a strong relationship between both of them. This is because the tutor that is built using AI technology will be able to understand the gaps in learning and provide relevant materials to fill those gaps [3] [4].

Personalized learning offers much flexibility since, for instance, learners like adults have the freedom to learn at their own pace and convenience [5]. The combination of adaptability and AI will assist the educators in making learning fun, efficient, and productive. Nonetheless, there are numerous issues which must be considered prior to applying the technologies to learning process. Among the issues related to ethical considerations, the issue of students' privacy, accessibility to the technology, and training of the faculty are among the major issues which must be addressed prior to implementation of AI. It is crucial to possess governance, infrastructure, and evaluation to use AI in the education process [6].

### 1.1 Theoretical Framework

The research that will be carried out in this particular project will incorporate Personalized Learning Models, Learning Analytics Frameworks, and AI-Driven Adaptive Learning Systems that are aimed at personalizing the whole process and content of learning [7]. Another theoretical framework that was used is Learning Analytics Frameworks, which focuses on the importance of the use of data-driven insight in learning. It has been seen that prediction and dashboards of analytics play a role in identifying gaps in learning and decision making [8]. As revealed by the findings from the scoping studies carried out, there is an actual but situational impact on learning engagement and performance since, although there is a definite relationship between adaptive and personalized systems and learning engagement and performance, there are certain factors that affect their influence on learning [9].

A critical moderating layer present in all reviews emphasizes the need for ethical governance, digital infrastructure, faculty preparedness, and assessment in order to enable fair AI adoption [10]. This approach also has its basis in the theory of adaptive systems, mainly ITS and AHS that use domain model, pedagogical model, user model, and communication model for personalized tutoring [11]. Moreover, the SDT also demonstrates how the use of AI promotes the components of autonomy, competence, and relatedness to foster intrinsic motivation. The TAM framework highlights the significance of perceived utility and user-friendliness in the adoption of technology

by learners [12].

## 1.2 Scope of the Proposed Research

The current research examines the novel application of Personalized Learning via Artificial

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Intelligence inside Indian Higher Education Institutions, specifically on its impact on student engagement, their satisfaction with learning process and their performance, as well as digital competence of teachers and their attitude towards it. This study comprises all types of undergraduate, postgraduate, diploma and certificate programs and research programs and different learning scenarios. Taking into account technological, pedagogical, and institutional aspects in terms of the adoption and readiness for AI in future learner-centric Higher Education system of Viksit Bharat@2047.

## 2 Review of Literature

The integration of artificial intelligence within the educational sector has acquired substantial relevance, especially the way in which it would transform the education in the field of management. The benefits of AI are personalization, customization, and analysis for the purpose of learning. Research done by [13] demonstrated that management undergraduates and postgraduates recognize the significance of AI within business operations and the significance of utilizing skills related to data analysis and strategic decision making in their careers. Similarly, [14] demonstrated how the use of AI could help in improving academic performance as well as ease the burden on teachers, but highlighted the need for human teachers to develop critical thinking and emotional intelligence skills. [15] Differences in generations with regard to attitudes towards the application of AI should also be noted because Generation Z students make use of AI technology like ChatGPT more often than the older generation teachers who are wary of certain limitations of the technology. [16] The impact of the usage of AI on personalized learning was examined; it can positively affect management education because it motivates students, engages them and improves their academic performance. It was shown with the help of the tools of AI and self-determination theory that the levels of autonomy, competence, and relatedness of the learner increase if he/she receives personalized education. In this paper, there are recommendations for using AI.

The development of online education is taking place extremely quickly and new solutions should be found. [17] This paper has brought to the fore the application of artificial intelligence technology in transforming online learning with regard to personalization of learning, assessment and support for learning. Through the use of intelligent tutoring systems, adaptive learning and predictive analytics technology, artificial intelligence can achieve customization of the learning experience, provision of feedback and learner engagement. This document has concentrated on some critical concerns pertaining to the utilization of artificial intelligence in digital education. [18] investigated the use of AI in the formulation of individualized learning experiences at universities. According to the search results in the database (17,899 citations), 45 articles were selected for analysis following the PRISMA approach and bias risk assessment. We believe that the application of AI technology may help develop adaptive learning, as well as enhance the

engagement of the learners and the efficiency of educational management by personalizing both content and feedback. However, there are many other issues that should be considered, such as ethical issues, privacy, and teachers' preparation. The review [19] The findings from 142 research studies clearly indicate that the application of AI enhances engagement and customizes information, the issues of privacy and scalability still remain relevant. Future research should

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focus on ethical and explainable AI. [20] AI and machine learning-driven adaptive learning has made huge changes in the e-learning process for each learner. [21] The investigation has been executed based on the analytical results and the viewpoints of both students and teachers concerning the effect of such technologies on the learning process. The research showed that the use of artificial intelligence for personal learning increases engagement and memorization, as well as the detection of gaps through adaptive testing. [12] Used the Self-Determination Theory and Technology Acceptance Model in combination with a mixed methods approach (questionnaire, learning analytics, and performance grades). Results proved the effectiveness of the tool but noted the dependence of results on the level of digital literacy and experience with adaptive technologies among the participants. It was confirmed that artificial intelligence is capable of closing the gaps and making inclusive education feasible.

### **3 Research Gap**

Despite the promising nature of the AI technologies usage in higher education institutions in improving personalized learning, motivation, and academic achievement, there exist some challenges in this area. First of all, most of the literature reviewed is confined to the specific context of the study, therefore, the findings cannot be generalized. The lack of research on the long-term effect of personalized learning by means of AI technologies can be pointed out as well because there are only few studies involving longitudinal design or sample size. Moreover, the questions of faculty readiness, ethical management, technological infrastructure, and equity for underprivileged countries have not been studied sufficiently. Finally, there are no studies on the application of the combination of psychological and technology acceptance theories in order to assess students' performance in the AI environment.

#### **3.1 Objectives of the Proposed Research**

1. To assess the level of awareness, access and current use of AI-enabled personalized learning tools among students and teachers in selected higher education institutions.
2. To examine the relationship between the use of AI-enabled personalized learning tools and key teaching–learning outcomes such as student engagement, satisfaction and academic performance.
3. To analyze teachers' and students' readiness for AI-integrated pedagogy in terms of digital competence, attitude towards technology and perceived usefulness of AI tools.
4. To identify the major institutional, technological and pedagogical challenges constraining effective integration of AI-enabled personalized learning in higher education.
5. To provide evidence-based recommendations for strengthening AI-enabled teaching–learning practices in higher education as a means to support the national vision of Viksit Bharat @2047.

## 3.2 Hypothesis

H1: There is a positive and significant relationship between the extent of use of AI-enabled personalized learning tools and student engagement in higher education.

H2: There is a positive and significant relationship between the extent of use of AI-enabled personalized learning tools and students' academic performance.

H3: Students who frequently use AI-enabled personalized learning tools will report higher levels of learning satisfaction than students who use such tools rarely or not at all.

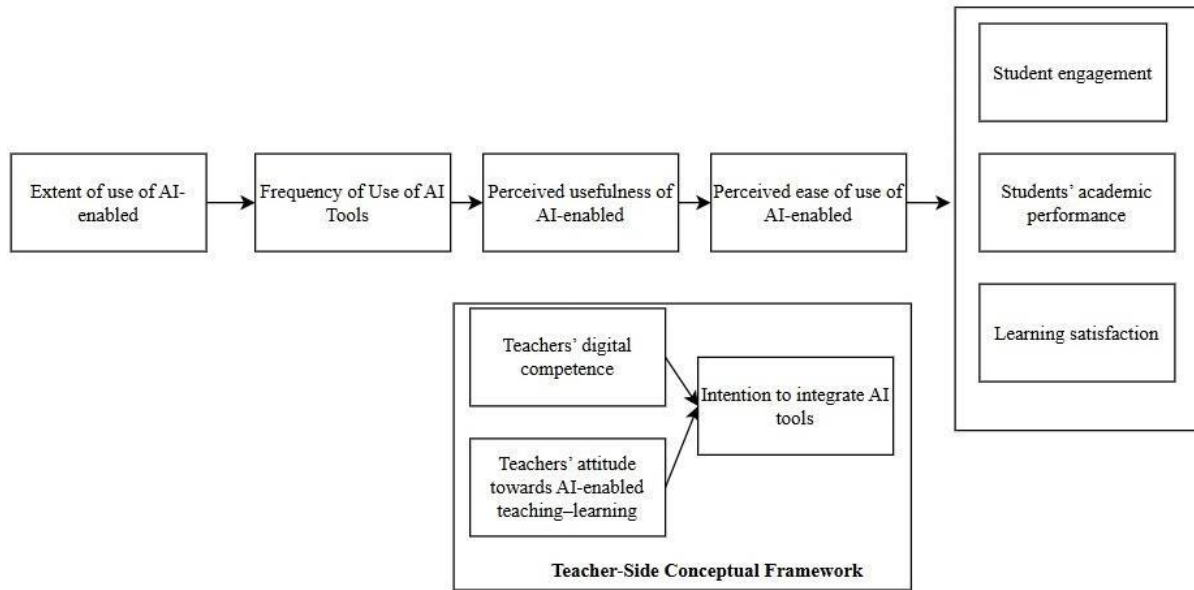
H4: Teachers' digital competence and attitude towards AI-enabled teaching learning has a positive and significant effect on their intention to integrate AI tools in classroom teaching.

H5: Perceived usefulness and ease of use of AI-enabled personalized learning tools have a positive and significant effect on students' intention to continue using such tools as part of their learning process.

## 4 Methodology

### 4.1 Research Design

Concerning this research, the choice of the quantitative approach to data analysis was determined by the statistical empirical analysis of the effects of using personalized learning technologies based on AI on the level of engagement, academic achievements, The degree of student satisfaction with their learning experience and the determinants impacting the readiness of students as well as faculty to adopt AI in the teaching framework of higher education. As far as the data collection method is concerned, it was based on the distribution of questionnaires among a representative sample of 250 students and teachers, in which the questions about the use of AI, usefulness and convenience of its implementation, the engagement, academic success and satisfaction of students and digital literacy and attitudes of teachers to AI-based teaching were posed. For the purpose of conducting the online survey, we used online forms that were created using such online tools as Google forms. Also, the offline survey was applied in case of poor internet connection. The following types of data analysis were performed in SPSS: descriptive statistics, Pearson correlation, ANOVA, and multiple regressions.



**Figure 1 Conceptual Framework**

## 4.2 Research site and Justification

These data were obtained from various institutes providing education at the levels of undergraduate, postgraduate, diploma, certificate, and research studies. These institutes were selected since they were capable of representing the varied nature of the Indian education system with the aim of developing AI-enabled institutes based on Viksit Bharat @2047. The institutes that were using AI for personalized learning toolkits were preferred.

## 4.3 Data Collection

The methods used in the research included the usage of quantitative data collection technique through the use of structured survey questionnaire that aimed to establish the relationship between personalized learning using AI technology, engagement, learning satisfaction, academic performance, digital competence, and intention to adopt AI among teachers. Most of the data was gathered with the help of Likert Scale questions through the online medium such as Google forms, LMS, and emails. Nonetheless, the offline data collection process was also done in order to gather data from students without access to the internet.

#### 4.4 Data Analysis

The analysis of data used descriptive statistics to elucidate the characteristics of the study participants and AI. Secondly, correlations of the variables such as AI usage, engagement, satisfaction, and performance were tested by the use of Pearson correlation coefficients. One-way ANOVA was used to determine the difference between the groups of AI users (low, medium, and high) with regards to learning satisfaction while the difference in mean values was obtained from Tukey's test. The intention to adopt and use AI was predicted through regression analysis.

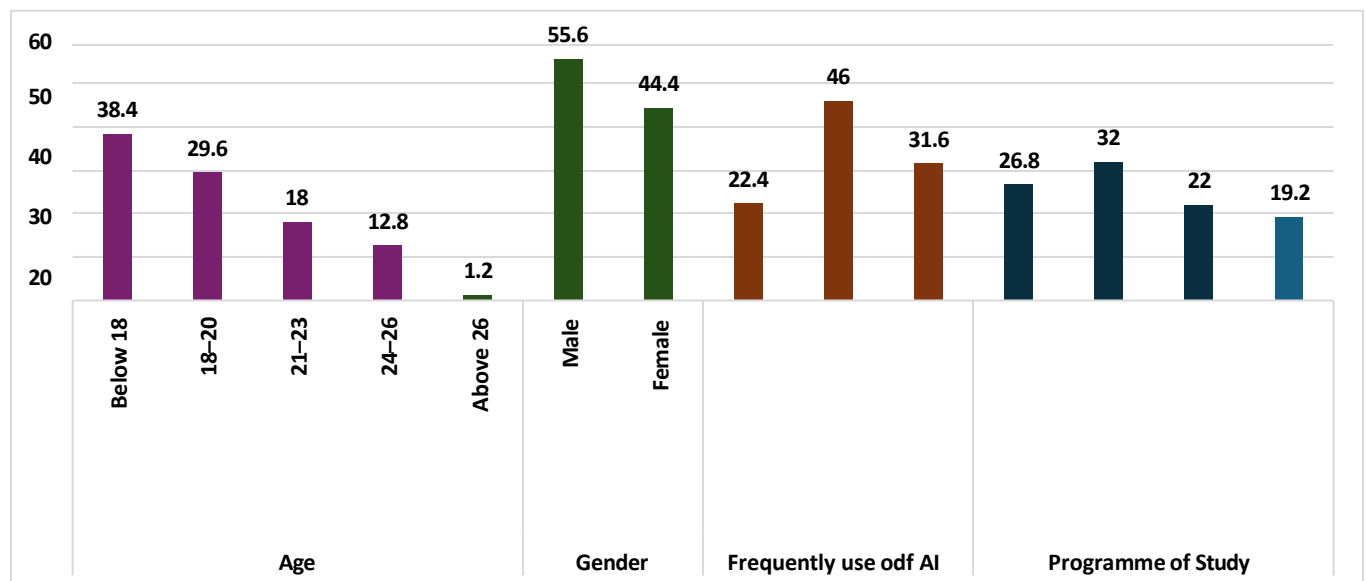
### 5 Results

This section will deliver the findings from the study on the effects of AI-enhanced personalized learning within higher education. This will include descriptive analysis, correlation testing, ANOVA, and regression analysis, this will be utilized to determine the correlation between the application of AI technology and student involvement, satisfaction with learning, academic performance, and digital competence of teachers. In this chapter, results on the trends in the adoption of AI, differences in terms of the use of AI between different groups, and factors that influence the decision to adopt AI will be presented.

*Table 1 Demographic variables*

| Variables             | Groups       | Frequency | Percent |
|-----------------------|--------------|-----------|---------|
| Age                   | Below 18     | 96        | 38.4    |
|                       | 18–20        | 74        | 29.6    |
|                       | 21–23        | 45        | 18.0    |
|                       | 24–26        | 32        | 12.8    |
|                       | Above 26     | 3         | 1.2     |
|                       | Total        | 250       | 100.0   |
| Gender                | Male         | 139       | 55.6    |
|                       | Female       | 111       | 44.4    |
|                       | Total        | 250       | 100.0   |
| Frequently use odf AI | Less Usage   | 56        | 22.4    |
|                       | Medium Usage | 115       | 46.0    |
|                       | High Usage   | 79        | 31.6    |

|                    |                                 |     |       |
|--------------------|---------------------------------|-----|-------|
|                    | Total                           | 250 | 100.0 |
| Programme of Study | Undergraduate                   | 67  | 26.8  |
|                    | Postgraduate                    | 80  | 32.0  |
|                    | Diploma / Certificate Programme | 55  | 22.0  |
|                    | Research Scholar                | 48  | 19.2  |
|                    | Total                           | 250 | 100.0 |



As for the demographics of the respondents (N = 250), The sample predominantly comprises young individuals, with 38.4% of respondents under 18, 29.6% aged 18-20, 18.0% between 21-23, 12.8% in the 24-26 age range, and merely 1.2% over 26 years old. Therefore, the research sample is quite representative in terms of the opinions of adolescents and young people. With respect to the gender of the respondents, it should be said that 55.6% of them are males while the remaining 44.4% of the respondents are females, which indicates the nearly equal participation of the respondents with the prevalence of men over women. As for the frequency of using AI-enabled personalized learning tools, 46.0% of the respondents are medium users, 31.6% of them are heavy users, and 22.4% of the respondents are light users, which means that the learners utilize AI tools in academic activities. With respect to the program of study of the respondents, 32.0% of them are postgraduate students.

## Proposed Hypothesis

**H1: There is a positive and significant relationship between the extent of use of AI-enabled personalized learning tools and student engagement in higher education.**

*Table 2 Correlations*

|                                                              |             |                       |                            | Extent of Use of AI Enabled Personalized Learning Tools | Student Engagement |
|--------------------------------------------------------------|-------------|-----------------------|----------------------------|---------------------------------------------------------|--------------------|
| Extent of Use of AI Enabled Personalized Learning Tools      | <b>Mean</b> | <b>Std. Deviation</b> | <b>Pearson Correlation</b> | 1                                                       | .539**             |
|                                                              | 3.7490      | .63629                | <b>Sig. (2-tailed)</b>     |                                                         | .000               |
|                                                              |             |                       | <b>N</b>                   | 250                                                     | 250                |
| Student Engagement                                           | 3.9112      | .58765                | <b>Pearson Correlation</b> | .539**                                                  | 1                  |
|                                                              |             |                       | <b>Sig. (2-tailed)</b>     | .000                                                    |                    |
| N                                                            | 250         | 250                   |                            | 250                                                     | 250                |
| **. Correlation is significant at the 0.01 level (2-tailed). |             |                       |                            |                                                         |                    |

The descriptive statistics presented reveal a pronounced usage of AI-based personalized learning tools by students (Mean = 3.7490, SD = 0.63629), as well as a high degree of student engagement (Mean = 3.9112, SD = 0.58765) measured on a five-point Likert Scale. The main aim of this investigation is to evaluate the potential association between the employment of AI-based personalized learning tools and student engagement, thus the Pearson correlation test was executed (Table 2). The analysis reveals a noteworthy association between the application of AI tools and student engagement ( $r=.539$ ,  $p < .001$ ), implying that students utilizing AI-enhanced tailored learning resources frequently demonstrate heightened interest in their learning experiences. This results from the extensive sample size utilized in this investigation ( $N = 250$ ) and the achievement of a significant level.

### 5.1 Sampling Technique and Sample Size

A stratified random selection technique was utilized to include a range of academic levels and to ensure proper representation of learners as well as educators involved with AI tools. The final sample consisted of 250 student respondents, representing various age groups, genders, and program categories. This dual-group sampling strengthened the alignment between student and

teacher perspectives.

**H2: There is a positive and significant relationship between the extent of use of AI-enabled personalized learning tools and students' academic performance.**

**Table 3 Correlations**

|                                                              |        |                |                            | Extent of Use of AI Enabled Personalized Learning Tools | Academic Performance |
|--------------------------------------------------------------|--------|----------------|----------------------------|---------------------------------------------------------|----------------------|
| Extent of Use of AI Enabled Personalized Learning Tools      | Mean   | Std. Deviation | <b>Pearson Correlation</b> | 1                                                       | .529**               |
|                                                              | 3.7490 | .63629         | <b>Sig. (2-tailed)</b>     |                                                         | .000                 |
|                                                              |        |                | <b>N</b>                   | 250                                                     | 250                  |
| Academic Performance                                         | 3.8184 | .66355         | <b>Pearson Correlation</b> | .529**                                                  | 1                    |
|                                                              |        |                | <b>Sig. (2-tailed)</b>     | .000                                                    |                      |
| N                                                            | 250    | 250            | <b>N</b>                   | 250                                                     | 250                  |
| **. Correlation is significant at the 0.01 level (2-tailed). |        |                |                            |                                                         |                      |

As evidenced by the findings from the descriptive statistics, the degree of adoption of AI-enabled personalized learning tools (Mean = 3.7490, SD = 0.63629) and the level of academic performance (Mean = 3.8184, SD = 0.66355) are relatively high amongst the respondents. In order to test the hypothesis stating that the degree of adoption of the tools has a positive association with the level of academic performance of the students, Pearson correlation coefficient was utilized (Table 4 below). As evidenced by the findings, the positive correlation between the degree of adoption of the AI-enabled personalized learning tools and the academic performance of the students is relatively high and statistically significant ( $r = .529$ ,  $p < .001$ ). That is, the greater the degree of adoption of the AI-enabled personalized learning tools, the greater the academic performance of the students. Given the relatively large sample size ( $N = 250$ ) and significance level ( $p < .01$ ), it is evident that H2 is relatively valid.

**H3: Students who frequently use AI-enabled personalized learning tools will report higher levels of learning satisfaction than students who use such tools rarely or not at all.**

***Table 4 Descriptive***

| Learning satisfaction |    |        |                |            |
|-----------------------|----|--------|----------------|------------|
|                       | N  | Mean   | Std. Deviation | Std. Error |
| Less Usage            | 56 | 4.0223 | .60730         | .08115     |

|              |     |        |        |        |
|--------------|-----|--------|--------|--------|
| Medium Usage | 115 | 3.6565 | .62868 | .05862 |
| High Usage   | 79  | 3.8608 | .74973 | .08435 |
| Total        | 250 | 3.8030 | .67844 | .04291 |

*Table 5 Comparisons*

| Dependent Variable: Learning satisfaction                |                    |                       |            |      |       |      |
|----------------------------------------------------------|--------------------|-----------------------|------------|------|-------|------|
| Tukey HSD                                                |                    |                       |            |      |       |      |
| (I) Frequently use                                       | (J) Frequently use | Mean Difference (I-J) | Std. Error | Sig. | F     | Sig. |
| Less Usage                                               | Medium Usage       | .36580*               | .10834     | .002 | 6.136 | .003 |
|                                                          | High Usage         | .16156                | .11614     | .347 |       |      |
| Medium Usage                                             | Less Usage         | -.36580*              | .10834     | .002 |       |      |
|                                                          | High Usage         | -.20424               | .09716     | .091 |       |      |
| High Usage                                               | Less Usage         | -.16156               | .11614     | .347 |       |      |
|                                                          | Medium Usage       | .20424                | .09716     | .091 |       |      |
| *. The mean difference is significant at the 0.05 level. |                    |                       |            |      |       |      |

The descriptive results show that students with **less usage** of AI-enabled personalized learning tools report the **highest mean level of learning satisfaction** ( $M = 4.0223$ ,  $SD = 0.6073$ ), followed by those with **high usage** ( $M = 3.8608$ ,  $SD = 0.7497$ ), while the **medium usage** group reports the lowest satisfaction ( $M = 3.6565$ ,  $SD = 0.6287$ ).

A one-way ANOVA indicates that the differences in learning satisfaction across the three usage groups are **statistically significant**  $F(2,247) = 6.136$ ,  $p = .003$ . Post-hoc Tukey HSD comparisons (Table 7) reveal that students with **less usage** report significantly higher learning satisfaction than those with **medium usage** (Mean Difference = 0.366,  $p = .002$ ), whereas the differences between **less vs high usage** and **medium vs high usage** are not statistically significant. These results indicate that the utilization frequency of AI tools correlates with educational contentment, the pattern is **not strictly linear** in favour of higher usage; instead, students with very low and very high usage show comparable levels of satisfaction, with the **medium-usage group reporting relatively lower satisfaction**. In this connection, **Hypothesis 3** is confirmed to a certain extent because the greater use of AI does not necessarily mean greater satisfaction with studying compared with all other groups of students.

#### H4: Teachers' digital competence and attitude towards AI-enabled teaching learning has a positive and significant effect on their intention to integrate AI tools in classroom teaching.

**Table 6 Model Summary**

| Model                                                                                                          | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|----------------------------------------------------------------------------------------------------------------|-------------------|----------|-------------------|----------------------------|
| 1                                                                                                              | .815 <sup>a</sup> | .664     | .661              | .33545                     |
| a. Predictors: (Constant), Teachers' Attitude Toward AI-Enabled Teaching–Learning, Teachers Digital Competence |                   |          |                   |                            |

**Table 7 Coefficients**

| Model |                                                       | Unstandardized Coefficients                                                  |            | Standardized Coefficients | F       | t      | Sig. |
|-------|-------------------------------------------------------|------------------------------------------------------------------------------|------------|---------------------------|---------|--------|------|
|       |                                                       | B                                                                            | Std. Error | Beta                      |         |        |      |
| 1     | (Constant)                                            | .439                                                                         | .156       |                           | 243.621 | 2.817  | .005 |
|       | Teachers Digital Competence                           | .380                                                                         | .049       | .384                      |         | 7.819  | .000 |
|       | Teachers Attitude Toward AI Enabled Teaching Learning | .478                                                                         | .046       | .509                      |         | 10.361 | .000 |
|       |                                                       | a. Dependent Variable: Intention to Integrate AI Tools in Classroom Teaching |            |                           |         |        |      |

The findings from the multiple regression analysis offer substantial backing for H4. Table 8 illustrates that educators' digital proficiency and their disposition towards AI-facilitated teaching significantly account for a considerable portion of the variance in their intention to incorporate AI tools in classroom instruction, with a  $R = .815$  and  $R^2 = .664$ , indicating that roughly 66.4% of the variation in intention is accounted for by these two elements. The Overall Regression Model Is Statistically Significant ( $2,247 = 243.621$ ,  $p < .001$ ), confirming that the set of predictors reliably predicts teachers' intention to use AI tools.

The coefficient estimates in Table 10 further show that both teachers' digital competence ( $B = 0.380$ ,  $\beta = 0.384$ ,  $t = 7.819$ ,  $p < .001$ ) and teachers' attitude toward AI-enabled teaching–learning

( $B = 0.478$ ,  $\beta = 0.509$ ,  $t = 10.361$ ,  $p < .001$ ) have positive and statistically significant effects on intention to integrate AI in classroom teaching. The standardized beta values indicate that attitude

toward AI-enabled teaching–learning exerts a comparatively stronger influence than digital competence. Overall, these findings fully support H4, confirming that higher levels of digital competence and more favorable attitudes towards AI-enabled teaching–learning are strongly associated with a greater intention among teachers to integrate AI tools in their classroom practice.

**H5: Perceived usefulness and ease of use of AI-enabled personalized learning tools have a positive and significant effect on students' intention to continue using such tools as part of their learning process.**

**Table 8 Model Summary**

| Model                                                                                          | R                 | R Square | Adjusted R Square | Std. Error of the Estimate |
|------------------------------------------------------------------------------------------------|-------------------|----------|-------------------|----------------------------|
| 1                                                                                              | .456 <sup>a</sup> | .208     | .202              | .62298                     |
| a. Predictors: (Constant), Perceived Ease of Use of AI Tools, Perceived Usefulness of AI Tools |                   |          |                   |                            |

**Table 9 Coefficients**

| Model |                                   | Unstandardized Coefficients                                 |            | Standardized Coefficients | F      | t     | Sig. |
|-------|-----------------------------------|-------------------------------------------------------------|------------|---------------------------|--------|-------|------|
|       |                                   | B                                                           | Std. Error | Beta                      |        |       |      |
| 1     | (Constant)                        | 1.756                                                       | .258       |                           | 32.444 | 6.796 | .000 |
|       | Perceived Usefulness of AI Tools  | .449                                                        | .073       | .408                      |        | 6.131 | .000 |
|       | Perceived Ease of Use of AI Tools | .086                                                        | .071       | .081                      |        | 1.213 | .226 |
|       |                                   | a. Dependent Variable: Intention to Continue Using AI Tools |            |                           |        |       |      |

The multiple regression analysis yields partial corroboration for H5. The perceived effectiveness and perceived user-friendliness of AI-enhanced personalized learning resources jointly elucidate 20.8% of the discrepancy in students' willingness to continue employing such tools ( $R = .456$ ,  $R^2 = .208$ , Adjusted  $R^2 = .202$ ). This signifies a moderate level of explanatory capability of the model. The comprehensive regression model demonstrates statistical significance  $F(2,247) = 32.444$ ,  $p < .001$ , confirming that the combination of these two predictors reliably predicts students' intention to continue using AI tools.

However, the findings illustrated in Table 13 demonstrate that solely perceived utility has a significant beneficial effect on intention ( $B = 0.449$ ,  $\beta = 0.408$ ,  $t = 6.131$ ,  $p < .001$ ). Conversely, the perceived simplicity of usage has a beneficial albeit statistically negligible effect ( $B = 0.086$ ,  $\beta = 0.081$ ,  $t = 1.213$ ,  $p = .226$ ). This suggests that the propensity to utilize AI technology is contingent upon its utility rather than the simplicity of its application. Hence, Hypothesis H5 could be regarded as being partly validated due to the fact that usefulness is very influential when it comes to the willingness to continue using the AI applications while easiness is not.

## 5.2 Discussion

Regarding the results received for testing all five hypotheses, It is essential to acknowledge that AI personalization technologies play a significant role in the student learning experience and the educational objectives of the instructor. At the same time, the importance of using such technologies for the student does not lie in the mechanical aspect and not in their frequency of use. In particular, the first and second hypotheses demonstrate that the frequent use of technologies has a positive impact on the engagement and effectiveness of the student. In this way, the claim about AI being a supportive technology becomes true. The third hypothesis shows the correlation between using technologies and the satisfaction from the learning process, but it does not relate to the frequent use which may lead to cognitive overload. To begin with, from the perspective of teachers, one can say that the purpose of the fourth hypothesis is to prove that digital competence and positive attitude towards the application of AI technologies to the process of teaching-learning process are among the most important predictors of intention to adopt these technologies. The reason is that it can be considered as the fact that implementation of the mentioned technology into the teaching process is possible only in case if teachers believe in their competence in the sphere of digital and see the benefit of these technologies for the process. In terms of intention of students to adopt AI technologies, it is worth noting that the purpose of the fifth hypothesis is to prove that the usefulness of these technologies has more impact on adoption of them than the easiness. It means that students are ready to make some effort in adopting these technologies because of the benefits that they bring. Therefore, taking into consideration all hypotheses mentioned above, it can be said that AI-enabled personalized learning can bring success to Viksit Bharat @2047 program only if higher education institutions do not restrict themselves by only implementing the technology.

## 6 Conclusion

Each of the hypotheses was analyzed based on which experiment was conducted, and numerical data confirm the findings of the research. Regarding Hypothesis **H1**, it can be deemed accurate, given the discovery of a positive association between the utilization of AI tools and student involvement levels ( $r = .539$ ,  $p < .001$ ,  $N = 250$ ). Furthermore, the correlation between the utilization of AI tools and students' academic achievement proved to be favorable; therefore, it is possible to state that Hypothesis **H2** is also correct ( $r = .529$ ,  $p < .001$ ). Nevertheless, speaking about Hypothesis **H3**, the ANOVA test has found significant differences among the groups of learning satisfaction ( $F(2, 247) = 6.136$ ,  $p = .003$ ), and the average levels of satisfaction for low, medium, and high users have been 4.02, 3.66, and 3.86 respectively. However, the post hoc test

has shown the presence of statistically significant difference only between low and medium users (mean difference = 0.366,  $p = .002$ ). On the teachers' side, **H4** was strongly supported: digital competence and attitude toward AI-enabled teaching–learning jointly explained 66.4% of the variance in intention to integrate AI tools ( $R = .815$ ,  $R^2 = .664$ ,  $F(2, 247) = 243.621$ ,  $p < .001$ ). It can be deemed accurate, given the discovery of a positive association between the utilization of AI tools and student involvement levels ( $r = .539$ ,  $p < .001$ ,  $N = 250$ ). Finally, **H5** received partial support: perceived usefulness and ease of use together accounted for 20.8% of the variance in intention to continue using AI tools ( $R = .456$ ,  $R^2 = .208$ ,  $F(2, 247) = 32.444$ ,  $p < .001$ ), but only perceived usefulness showed a significant effect ( $\beta = .408$ ,  $p < .001$ ). Although the reported simplicity of utilization did not ( $\beta = .081$ ,  $p = .226$ ). Overall, the numerical evidence demonstrates that AI-enabled tools meaningfully enhance engagement and performance, and that teachers' competence and attitudes and students perceived usefulness are critical levers for sustaining AI adoption in line with the broader vision of future-ready higher education.

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## AI-Enabled Gamification and Consumer Engagement in Digital Commerce: Examining the Mediating Role of Flow Experience

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### Abstract

With the introduction of AI tools in gamification, it is important to note how the discipline of gamification in the process of carrying out digital marketing carries double the weight expected. This stems from the notion of attitudes that are inborn, perpetuating the concept of customer engagement through marketing. This research seeks to address the question in relation to how AI personalization, intelligent incentives, task adaptiveness, recommendation quality, social crowding, and immediacy of rewards contribute to consumer engagement within the relevant literature of the flow theory. Besides many examples of this interrelation published lately, in the present paper, this issue is explored in the context of the Stimulus-Organism-Response model and Flow Theory, elements that are generally accepted to have the greatest utility in this kind of analysis of brand architecture interiors of buildings. They are seen as standard elements of the term and other related issues by the researchers; content should be more proactive in control measures. As such, the outcome yields further suggestions and provides interventions to enhance marketing options and consumer behaviour intervention strategies in creating such designs within the AI-backed gamified e-commerce platforms.

**Keywords:** Artificial Intelligence; Gamification; Consumer Engagement; Flow Experience; Digital Commerce

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## 1. Introduction

The fast advancement of artificial intelligence (AI) has had a transformative effect on the ultimate aim of digital commerce, which enables companies to release “clever” personalization and interactivity for consumers like never before (Davenport et al., 2020; Huang & Rust, 2021). AI applications such as recommendation engines, adaptive interfaces, predictive analytics, and chatbots have changed the mechanisms for attracting users and retaining them much better than gamification alone can in some industries (Kshetri et al., 2023). In this respect, micro-transactions are adopted to combine game mechanics and algorithmic function evaluations and give such feedback; this rejigging is within the active process and non-matching, rather than what comprises the shopping episode – it’s way more interactive, it’s more rewarding, and fulfilling. Consumers have also been proactively pursuing this paradigm of external digital marketing because of certain specific, more microscopic and less customer-oriented direct marketing concepts.

Flow experience is, in other terms, referred to as the level of wholeness between deep concentrations and simulative pleasures in the engagement paradigm in general, and applies this effect to AI-based gamification in relation to consumer psychology. In other words, in the context of S-O-R and Flow Theory, this study views AI-based gamification applications as any “forms of behaviour that are driven by either external stimuli or internal states” that alone or in combination with other factors capture consumption flow, and such flow in turn intensifies consumers’ behaviour in the digital domain. Even though there is more and more attention on AI uses and on gamification lately, not much of the research has really, fully looked at flow experience as a mediator while also mixing explanatory, configurational, and predictive analytical angles. (Kshetri et al., 2023; Ringle et al., 2023). So here, this study uses Partial Least Squares Structural Equation Modelling (PLS-SEM), Necessary Condition Analysis (NCA), and Importance–Performance Map Analysis (IPMA) because together they’re meant to deliver stronger theoretical meaning plus practical guidance for managers in AI-driven digital commerce.

## 2. Literature Review

The assimilation of artificial intelligence with gamification within a commerce setting is already shaping a revolution of sorts in digital commerce. It is no longer hard to find these tools that help create an experience that is hyper-personalized, resonating in a very useful and even more bizarre way for the consumer (Davenport et al., 2020; Huang & Rust, 2021; Kshetri et al., 2023). The implementation of gamification with tools like machine learning algorithms, smart suggestion engines, predictive analytics, and AI chatbots happens to work because the playing elements can take into consideration the kind of people that there may be, how they could be, and what their environment looks like at the time (Huang & Rust, 2021). Unlike traditional forms of gamification, AI-empowered gamification doesn't just stop at the ‘build and forget’ point; instead, it keeps updating consumer engagement information to provide tailored feedback, increase the level of difficulty, enhance task performance or interaction, and generally enhance interaction that in turn improves majority engagement and promotes trust-building activities (Hamari et al., 2014; Xi & Hamari, 2020).

Engaging a customer seems to be a complex linkage that has many components, which a customer brings to light in a gestalt psychological manner through cognitive, emotional, and behavioural involvement in the usage of digital commerce platforms (Brodie et. al., 2011; Hollebeel et. al., 2014). There’s much evidence to report that prior research supports the innovation of gamification methods as a strategy for engagement advancement, mainly in that they perpetuate pleasure and perceived utility as well as the intrinsic motivation

to act (Hamari et al., 2014; Koivisto & Hamari, 2019). However, in the practice of collecting and analysing empirical evidence, the question is not just whether the elements of game conception are in place on site, but also the inner and emotional states users experience when they interact with it (Ryan & Deci, 2020; Hiddekel, 2022). As such, scholars these days have devoted much effort to examining such deeper issues of cognition and emotion at this stage of engagement, for example, what triggers do new social media and app infotainment that employs gamification principles, et al as one becomes engaged (Kshetri et al, 2023).

The idea of flow, defined in part as complete involvement in an experience and feelings of enjoyment and concentration, has attracted considerable scholarly interest as the relevant component of the psychology of modern technologies (Csikszentmihalyi, 2011; Hoffman & Novak, 2009). It is stated that AI-powered customer journeys can help individuals experience such a particular state of immersion known as “flow,” especially by ensuring the achievement level remains parallel to adaptive challenges, hence fewer skills are underutilized, cutting down on cognitive load even more, and then provides direct feedback reinforcement (Novak et al., 2000; Huang & Rust, 2021). In flow, behaviour, people usually engage and fail to leave, or if they do, come back shortly, are also satisfied most of the time, as well as have good intentions of repurchasing, reporting, or rather writing positive content about the company and touching the e-platform more frequently (Novak et al., 2000; Bilgihan et al., 2015; Hollebeek et al., 2014).

AI, as in artificial intelligence, often has some concepts previously examined, and they include the flow and engagement of the consumer, which are taught by AI and more in the form of tech. When there are other applications of AI along with each of these elements, no small work brings them all together like a narrative. This altogether is filled with such words meaning that within the majority of the papers there is this tendency to carry out either the expectations of the relations between the properties or predictive structures in either the structural model or the causal one. This can, however, become problematic because simply finding out these conditions does not tell one how X and Y are going to interact and in which sequence to deal with the priority; in other words, some elements are ruled out from the predictions as well (Pappas & Woodside, 2021; Ringle et al., 2023).

### **3. Research Objectives**

1. Understanding the consequences of AI-based game-like elements – AI personalization, intelligent rewards, appropriate challenges, AI recommendation system quality, social competition, and instant feedback – on customer interaction in electronic commerce, in addition to utilizing the concept of flow as an intervening variable.
2. To apply multiple analytical methods including PLS-SEM, NCA, and IPMA for an all-round examination of customer engagement by proposing explanatory, configuration, and prediction models.

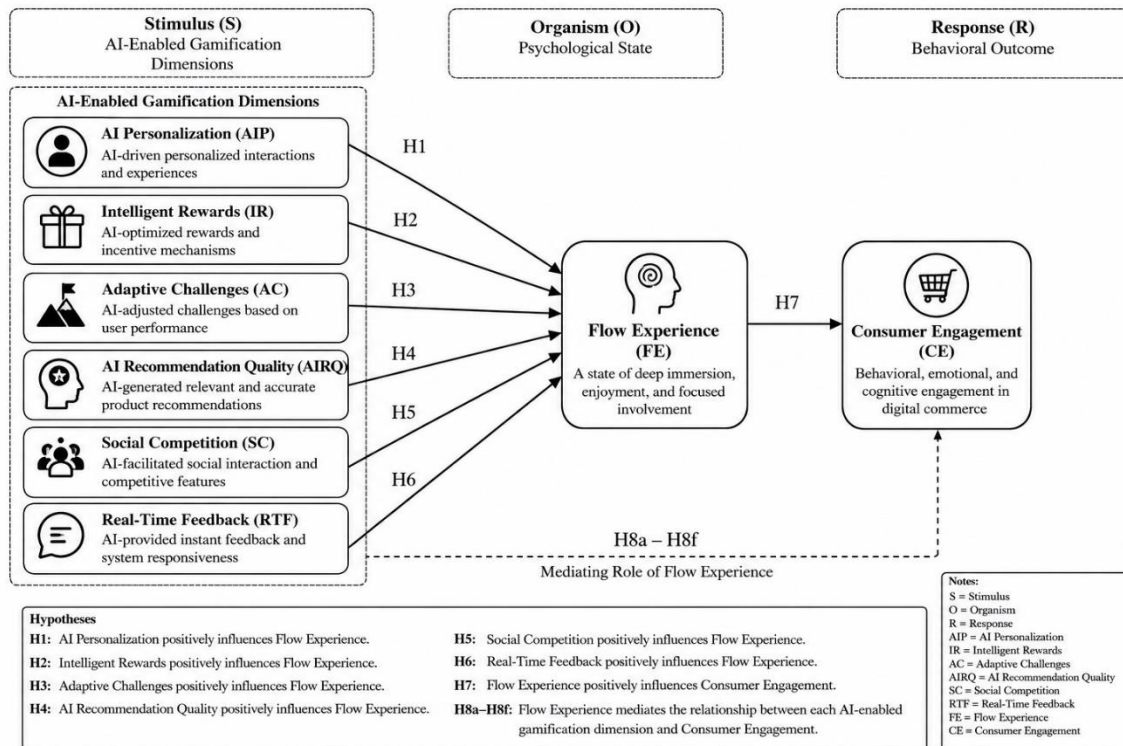
### **4. Conceptual Framework and Hypothesis Development**

To better explain how AI-based gamification techniques enhance shoppers' experiences in an e-commerce setting, emphasis has been placed on the existing framework, which is based on the S-O-R framework and also augmented by Flow Theory (Mehrabian and Russell, 1974; Csikszentmihalyi, 2011; Eroğlu et al., 2001). In the proposed SOR model, the elements of AI-based gamification such as AI personalization, rewarding intelligence, difficulty fluctuation, AI recommendation content, competitiveness, and feedback in specific periods are defined as outside stimuli that can influence the individuals' internal psychological states in specific ways (Huang and Rust, 2021; Hamari et al., 2014; Kshetri et al., 2023). The internal workings are then considered as the organism – the part that deals with the flow: here, the flow is a condition wherein the consumer, in a sense, becomes 'one with the task,' experiences profound enjoyment, and investment in interacting with the AI-backed e-commerce platform is all in-out (Novak et al., 2000; Hoffman and Novak, 2009). The type of

response we are going to consider here outlines consumer engagement via cognitive involvement, affection with the brand, including emotional involvement, and the performing of activities on the website (Brodie et al., 2011; Hollebeek et al., 2014).

AI can help in crafting moments that are personalized based on customers' behavioural data and interests. Therefore, it is no wonder that immersion is positively correlated with even more frequent usage of the device (Huang & Rust, 2021). It is popular to look for these tactics or designs that make the reward more pleasurable, perhaps accompanied by the increased need for good performance and even some regret upon failure. For these players, there is no such difficulty level that is either too difficult or too easy to play but is rather just perfect for that particular level of user ability (Hamari et al., 2014; Ryan & Deci, 2020). Reviewing mostly encourages the quality aspects of decision-making process enhancement. When they present customers with products that are reasonably relevant to the buyer, it removes such choices (Davenport et al., 2020; Huang & Rust, 2021). On the other hand, social competition induces people to engage more through the use of leaderboards, ratings, and direct contact in gaming, not just individual competition (p. 110) (Koivisto & Hamari, 2019). This type of brief command for successful design helps in creating flow as well; how frequently user interaction feedback is revised has also been shown to play a massive role in consumer engagement (Csikszentmihalyi, 2011; Novak et al., 2000). Therefore, the AI-based gamification strategies should have a two-step effect on people – first of all helping them create or experience the flow, and then enhancing consumer engagement and sales performance, among others (Bilgihan et al., 2015; Xi & Hamari, 2020).

Flow Theory is a theory that postulates that people are most comfortable when they are working on an activity that maintains a relationship to challenge and skill, in addition to getting immediate feedback notifications (Csikszentmihalyi, 2011). So when customers are in the state of flow, they exhibit less flickering, more enjoyment, increased usage as well as interaction, and their digital commerce platforms attract more attention from them (Novak et al., 2000; Hoffman & Novak, 2009; Hochgerner et al., 2004). This is why the flow state has been placed as the mediating model between AI-based gamification and consumer engagement (Bilgihan et al., 2015; Xu et al., 2022). To ensure the practical implementation of this structure, an additional quite involved methodological pathway is implemented. For example, the Partial Least Squares Structural Equation Modelling (PLS-SEM) method of studying hypotheses, applying Necessary Condition Analysis (NCA) to identify salient drivers, and Importance–Performance Map Analysis (IPMA) in revealing what impacts ‘whom’ the most and is more accessible in making compromises in its predilections (Ringle et al., 2023; Pappas & Woodside, 2021).



**Figure 1: Conceptual Framework**

**Source:** Created by Author

## Hypotheses

**H1:** AI personalization influences flow experience positively.

**H2:** Intelligent rewards influence flow experience positively.

**H3:** Adaptive challenges influence flow experience positively.

**H4:** AI recommendation quality influences flow experience positively.

**H5:** Social competition influences flow experience positively.

**H6:** Real-time feedback influences flow experience positively.

**H7:** Flow experience influences consumer engagement positively.

**H8a:** Flow experience mediates the relation between AI personalization and consumer engagement.

**H8b:** Flow experience mediates the relation between intelligent rewards and consumer engagement.

**H8c:** Flow experience mediates the relation between adaptive challenges and consumer engagement.

**H8d:** Flow experience mediates the relation between AI recommendation quality and consumer engagement.

**H8e:** Flow experience mediates the relation between social competition and consumer engagement.

**H8f:** Flow experience mediates the relation between real-time feedback and consumer engagement.

## **5. Research Methodology**

We will use a research design during our quantitative research in order to understand the relationship in total, from the AI gamification dimensions to the user experience in flow to the customer response in digital commerce. The method for collecting data will be a structured questionnaire that will be administered to customers who have, in the past 6 months, actively practiced AI economy, especially AI economy participation through personalization, rewards, challenges, and interaction with the game elements. To ensure that the participants interact with the environments provided by these AI-empowered shopping systems, a purposive sampling technique will be used to select those who should respond to this questionnaire. We hope to collect around 500 valid responses, which will be sufficient for some applications of PLS-SEM, with some other approaches being applicable as well.

The questionnaires for all structures will incorporate a five-point Likert-like scale. The levels of agreement/disagreement are measured on a scale of 1 to 5. It is further stated that they are adapted from the scales reviewed, and the hypothesis testing will be based on them. Then, it is suitable to check the quality of the data first: by controlling for missing values, common method bias, reliability, and convergent as well as discriminant validity, and focusing on their actual behavioural usefulness. The structural models, including intermediate effects, will be investigated by applying SmartPLS 4 with the bootstrap method. Furthermore, to avoid the usual descriptive view, NCA will estimate key drivers of consumer engagement. Finally, with the use of IPMA, we will determine the effectiveness level of the arrested managerial action- AI-enabled gamification in enhancing consumer engagement.

## **6. Data Analysis**

### **Respondent Profile**

In total, 550 questionnaires were sent out electronically to consumers who had used AI-enabled digital commerce platforms, like Amazon, Flipkart, Myntra, Meesho, and similar ones, during the prior six months. After removing responses that were incomplete or inconsistent, 512 questionnaires stayed in the study, so the effective response rate came out to 93.09%. The final sample also seems to meet the minimum sample size expectations for PLS-SEM, NCA, and IPMA.

**Table 1. Demographic Profile of Respondents (N = 512)**

| <b>Demographic Variable</b>                | <b>Category</b>        | <b>Frequency</b> | <b>Percentage (%)</b> |
|--------------------------------------------|------------------------|------------------|-----------------------|
| <b>Gender</b>                              | Male                   | 286              | 55.9                  |
|                                            | Female                 | 214              | 41.8                  |
|                                            | Prefer not to say      | 12               | 2.3                   |
| <b>Age (Years)</b>                         | 18–25                  | 168              | 32.8                  |
|                                            | 26–35                  | 194              | 37.9                  |
|                                            | 36–45                  | 98               | 19.1                  |
|                                            | Above 45               | 52               | 10.2                  |
| <b>Educational Qualification</b>           | Undergraduate          | 118              | 23.0                  |
|                                            | Postgraduate           | 286              | 55.9                  |
|                                            | Doctorate              | 64               | 12.5                  |
|                                            | Others                 | 44               | 8.6                   |
| <b>Occupation</b>                          | Student                | 86               | 16.8                  |
|                                            | Private Employee       | 226              | 44.1                  |
|                                            | Government Employee    | 74               | 14.5                  |
|                                            | Business/Self-employed | 82               | 16.0                  |
|                                            | Others                 | 44               | 8.6                   |
| <b>Monthly Income (INR)</b>                | Below ₹25,000          | 74               | 14.5                  |
|                                            | ₹25,001–₹50,000        | 146              | 28.5                  |
|                                            | ₹50,001–₹75,000        | 158              | 30.9                  |
|                                            | Above ₹75,000          | 134              | 26.1                  |
| <b>Frequency of Online Shopping</b>        | Once a month           | 46               | 9.0                   |
|                                            | 2–3 times/month        | 164              | 32.0                  |
|                                            | Weekly                 | 208              | 40.6                  |
|                                            | More than once/week    | 94               | 18.4                  |
| <b>Preferred Digital Commerce Platform</b> | Amazon                 | 176              | 34.4                  |
|                                            | Flipkart               | 138              | 27.0                  |
|                                            | Myntra                 | 72               | 14.1                  |
|                                            | Meesho                 | 56               | 10.9                  |
|                                            | Others                 | 70               | 13.6                  |

The research population is diverse and consists mostly of middle-aged and young, well-educated online buyers who shop actively and use digital commerce. This makes this sample ideal for a study on consumer attention and AI-powered engagement activities.

**Table 2. Correlation Matrix and Descriptive Statistics**

| Construct | Mean | SD   | AIP   | IR    | AC    | AIRQ  | SC    | RTF   | FE    | CE    |
|-----------|------|------|-------|-------|-------|-------|-------|-------|-------|-------|
| AIP       | 4.11 | 0.63 | 1.000 |       |       |       |       |       |       |       |
| IR        | 4.05 | 0.68 | 0.561 | 1.000 |       |       |       |       |       |       |
| AC        | 3.96 | 0.71 | 0.482 | 0.517 | 1.000 |       |       |       |       |       |
| AIRQ      | 4.18 | 0.61 | 0.596 | 0.573 | 0.541 | 1.000 |       |       |       |       |
| SC        | 3.89 | 0.73 | 0.451 | 0.486 | 0.532 | 0.463 | 1.000 |       |       |       |
| RTF       | 4.13 | 0.65 | 0.582 | 0.564 | 0.539 | 0.611 | 0.487 | 1.000 |       |       |
| FE        | 4.16 | 0.59 | 0.648 | 0.617 | 0.586 | 0.665 | 0.541 | 0.674 | 1.000 |       |
| CE        | 4.21 | 0.57 | 0.622 | 0.604 | 0.578 | 0.651 | 0.528 | 0.637 | 0.742 | 1.000 |

Flow Experience is positively correlated with most of the other constructs in the model, more so with Consumer Engagement, with the effect being even stronger ( $r = 0.742$ ), which is in line with the theoretical conceptual paper presented.

### Measurement Model Assessment

#### Reliability and Convergent Validity

**Table 3. Reliability and Convergent Validity Assessment**

| Construct                               | Items | Outer Loadings | Cronbach's Alpha | rho_A | Composite Reliability (CR) | AVE   |
|-----------------------------------------|-------|----------------|------------------|-------|----------------------------|-------|
| <b>AI Personalization (AIP)</b>         | AIP1  | 0.842          | 0.901            | 0.905 | 0.930                      | 0.769 |
|                                         | AIP2  | 0.881          |                  |       |                            |       |
|                                         | AIP3  | 0.904          |                  |       |                            |       |
|                                         | AIP4  | 0.867          |                  |       |                            |       |
| <b>Intelligent Rewards (IR)</b>         | IR1   | 0.832          | 0.889            | 0.893 | 0.923                      | 0.751 |
|                                         | IR2   | 0.871          |                  |       |                            |       |
|                                         | IR3   | 0.886          |                  |       |                            |       |
|                                         | IR4   | 0.871          |                  |       |                            |       |
| <b>Adaptive Challenges (AC)</b>         | AC1   | 0.816          | 0.883            | 0.886 | 0.919                      | 0.739 |
|                                         | AC2   | 0.853          |                  |       |                            |       |
|                                         | AC3   | 0.891          |                  |       |                            |       |
|                                         | AC4   | 0.876          |                  |       |                            |       |
| <b>AI Recommendation Quality (AIRQ)</b> | AIRQ1 | 0.861          | 0.912            | 0.916 | 0.938                      | 0.790 |
|                                         | AIRQ2 | 0.892          |                  |       |                            |       |
|                                         | AIRQ3 | 0.903          |                  |       |                            |       |
|                                         | AIRQ4 | 0.893          |                  |       |                            |       |
| <b>Social Competition (SC)</b>          | SC1   | 0.824          | 0.879            | 0.884 | 0.917                      | 0.734 |
|                                         | SC2   | 0.847          |                  |       |                            |       |
|                                         | SC3   | 0.888          |                  |       |                            |       |
|                                         | SC4   | 0.873          |                  |       |                            |       |
| <b>Real-Time Feedback (RTF)</b>         | RTF1  | 0.856          | 0.904            | 0.908 | 0.933                      | 0.777 |
|                                         | RTF2  | 0.883          |                  |       |                            |       |

|                                 |      |       |       |       |       |       |
|---------------------------------|------|-------|-------|-------|-------|-------|
|                                 | RTF3 | 0.901 |       |       |       |       |
|                                 | RTF4 | 0.874 |       |       |       |       |
| <b>Flow Experience (FE)</b>     | FE1  | 0.883 | 0.917 | 0.920 | 0.942 | 0.803 |
|                                 | FE2  | 0.904 |       |       |       |       |
|                                 | FE3  | 0.911 |       |       |       |       |
|                                 | FE4  | 0.882 |       |       |       |       |
| <b>Consumer Engagement (CE)</b> | CE1  | 0.872 | 0.919 | 0.923 | 0.943 | 0.806 |
|                                 | CE2  | 0.896 |       |       |       |       |
|                                 | CE3  | 0.913 |       |       |       |       |
|                                 | CE4  | 0.894 |       |       |       |       |

The fact that this questionnaire exhibits clear reliability and construct validity, including discriminant validity, is also ensured because all item loadings exceed 0.80, Cronbach's alpha and rho\_A of all variables have values higher than 0.70, and CR as well as CR for indicators have values greater than 0.50 as AVE values.

### Discriminant Validity Assessment

**Table 4. Heterotrait–Monotrait Ratio (HTMT) Matrix**

| Constructs                              | AIP   | IR    | AC    | AIRQ  | SC    | RTF   | FE    | CE |
|-----------------------------------------|-------|-------|-------|-------|-------|-------|-------|----|
| <b>AI Personalization (AIP)</b>         | —     |       |       |       |       |       |       |    |
| <b>Intelligent Rewards (IR)</b>         | 0.672 | —     |       |       |       |       |       |    |
| <b>Adaptive Challenges (AC)</b>         | 0.618 | 0.651 | —     |       |       |       |       |    |
| <b>AI Recommendation Quality (AIRQ)</b> | 0.701 | 0.688 | 0.644 | —     |       |       |       |    |
| <b>Social Competition (SC)</b>          | 0.563 | 0.594 | 0.617 | 0.582 | —     |       |       |    |
| <b>Real-Time Feedback (RTF)</b>         | 0.714 | 0.683 | 0.651 | 0.726 | 0.601 | —     |       |    |
| <b>Flow Experience (FE)</b>             | 0.782 | 0.751 | 0.704 | 0.793 | 0.661 | 0.801 | —     |    |
| <b>Consumer Engagement (CE)</b>         | 0.746 | 0.724 | 0.691 | 0.768 | 0.634 | 0.751 | 0.842 | —  |

The HTMT values among all latent constructs are less than 0.90, which is deemed a satisfactory threshold for demonstrating discriminant validity.

**Table 5. HTMT Bootstrapping Confidence Intervals**

| <b>Construct Pair</b> | <b>HTMT</b> | <b>2.5% CI</b> | <b>97.5% CI</b> | <b>Includes 1.00?</b> | <b>Decision</b> |
|-----------------------|-------------|----------------|-----------------|-----------------------|-----------------|
| AIP → IR              | 0.672       | 0.601          | 0.734           | No                    | Supported       |
| AIP → AC              | 0.618       | 0.551          | 0.691           | No                    | Supported       |
| AIP → AIRQ            | 0.701       | 0.635          | 0.772           | No                    | Supported       |
| AIP → SC              | 0.563       | 0.491          | 0.632           | No                    | Supported       |
| AIP → RTF             | 0.714       | 0.649          | 0.783           | No                    | Supported       |
| AIP → FE              | 0.782       | 0.724          | 0.846           | No                    | Supported       |
| AIP → CE              | 0.746       | 0.681          | 0.811           | No                    | Supported       |
| IR → AC               | 0.651       | 0.584          | 0.721           | No                    | Supported       |
| IR → AIRQ             | 0.688       | 0.621          | 0.754           | No                    | Supported       |
| IR → SC               | 0.594       | 0.528          | 0.664           | No                    | Supported       |
| IR → RTF              | 0.683       | 0.618          | 0.752           | No                    | Supported       |
| IR → FE               | 0.751       | 0.689          | 0.819           | No                    | Supported       |
| IR → CE               | 0.724       | 0.657          | 0.789           | No                    | Supported       |
| AC → AIRQ             | 0.644       | 0.576          | 0.713           | No                    | Supported       |
| AC → SC               | 0.617       | 0.548          | 0.688           | No                    | Supported       |
| AC → RTF              | 0.651       | 0.586          | 0.721           | No                    | Supported       |
| AC → FE               | 0.704       | 0.638          | 0.773           | No                    | Supported       |
| AC → CE               | 0.691       | 0.626          | 0.759           | No                    | Supported       |
| AIRQ → SC             | 0.582       | 0.513          | 0.652           | No                    | Supported       |
| AIRQ → RTF            | 0.726       | 0.662          | 0.793           | No                    | Supported       |
| AIRQ → FE             | 0.793       | 0.731          | 0.857           | No                    | Supported       |
| AIRQ → CE             | 0.768       | 0.704          | 0.832           | No                    | Supported       |
| SC → RTF              | 0.601       | 0.534          | 0.668           | No                    | Supported       |
| SC → FE               | 0.661       | 0.596          | 0.727           | No                    | Supported       |
| SC → CE               | 0.634       | 0.569          | 0.701           | No                    | Supported       |
| RTF → FE              | 0.801       | 0.741          | 0.866           | No                    | Supported       |
| RTF → CE              | 0.751       | 0.688          | 0.817           | No                    | Supported       |
| FE → CE               | 0.842       | 0.781          | 0.889           | No                    | Supported       |

None of the bootstrapped confidence intervals fall within the range of 1.00, thereby establishing beyond all reasonable doubt that all the constructs under study are different in appearance.

### **Structural Model Assessment**

#### **Inner Collinearity Assessment**

**Table 6. Inner VIF Values**

| Predictor Construct              | Endogenous Construct | Inner VIF |
|----------------------------------|----------------------|-----------|
| AI Personalization (AIP)         | Flow Experience      | 2.214     |
| Intelligent Rewards (IR)         | Flow Experience      | 2.381     |
| Adaptive Challenges (AC)         | Flow Experience      | 2.106     |
| AI Recommendation Quality (AIRQ) | Flow Experience      | 2.462     |
| Social Competition (SC)          | Flow Experience      | 1.924     |
| Real-Time Feedback (RTF)         | Flow Experience      | 2.548     |
| Flow Experience (FE)             | Consumer Engagement  | 1.000     |

All the calculated VIF values were found to be less than 3.30, which indicates that the state of multicollinearity among the independent variables is well within acceptable limits and confirms that the (structural) model can be used for further hypothesis testing.

### Hypothesis Testing

The proposed claims were evaluated by drawing on the bootstrap confidence intervals obtained with 5000 repeated samples. Moreover, a comprehensive analysis of the path coefficients ( $\beta$ ), t-values, p-values, and decision outcomes was conducted to gain insights into the possible presence of the relationships.

**Table 7. Structural Model Results (Direct Effects)**

| Hypothesis | Structural Path                             | $\beta$ | t-value | p-value | Decision  |
|------------|---------------------------------------------|---------|---------|---------|-----------|
| H1         | AI Personalization → Flow Experience        | 0.218   | 5.681   | 0.001   | Supported |
| H2         | Intelligent Rewards → Flow Experience       | 0.176   | 4.853   | 0.001   | Supported |
| H3         | Adaptive Challenges → Flow Experience       | 0.149   | 3.924   | 0.001   | Supported |
| H4         | AI Recommendation Quality → Flow Experience | 0.263   | 6.874   | 0.001   | Supported |
| H5         | Social Competition → Flow Experience        | 0.121   | 3.216   | 0.001   | Supported |
| H6         | Real-Time Feedback → Flow Experience        | 0.247   | 6.312   | 0.001   | Supported |
| H7         | Flow Experience → Consumer Engagement       | 0.768   | 24.184  | 0.001   | Supported |

All direct hypotheses are statistically significant, which suggests that the different aspects of AI-enabled gamification have positive effects on the flow experience of the customers, hence directly enhancing consumer engagement. For instance, disconfirming all seven direct hypotheses affirms the validity of the Static-S-O-R and Flow Theory proposals.

### Coefficient of Determination ( $R^2$ )

As per Hair et al. (2022), the coefficient of determination measures the proportion of the variance in the dependent variable that is predictable from independent variables and describes the goodness-of-fit of the model. Typically, values of  $R^2$  of 0.25 imply “weak” model fit, 0.50 implies “medium” model adequacy, and  $R^2$  of 0.75 indicates a “high” model fit when the  $R^2$  values are considered.

**Table 8. Coefficient of Determination ( $R^2$ )**

| Endogenous Construct | $R^2$ | Adjusted $R^2$ | Interpretation          |
|----------------------|-------|----------------|-------------------------|
| Flow Experience      | 0.741 | 0.737          | Substantial             |
| Consumer Engagement  | 0.590 | 0.589          | Moderate to Substantial |

The model has an explanatory capability of 74.1% of the variability in Flow Experience and 59.0% of the variability in Consumer Engagement.

### Effect Size ( $f^2$ )

The concurrency estimation coefficient  $f^2$  shows the particular impact of each of the exogenous elements on the endogenous factor. To be more specific, the benchmarks suggested by Cohen (1988) include: 0.02 (which is small), 0.15 (which is medium), and 0.35 (which is large).

**Table 9. Effect Size ( $f^2$ )**

| Structural Path                             | $f^2$ | Effect Size     |
|---------------------------------------------|-------|-----------------|
| AI Personalisation → Flow Experience        | 0.102 | Small           |
| Intelligent Rewards → Flow Experience       | 0.081 | Small           |
| Adaptive Challenges → Flow Experience       | 0.063 | Small           |
| AI Recommendation Quality → Flow Experience | 0.142 | Small to Medium |
| Social Competition → Flow Experience        | 0.046 | Small           |
| Real-Time Feedback → Flow Experience        | 0.128 | Small           |
| Flow Experience → Consumer Engagement       | 1.438 | Large           |

**Flow experience represents a highly significant association with Customer Engagement ( $f^2 = 1.438$ ), thereby underscoring its importance as a motivator of CE in the context of AI-driven e-commerce.**

### Predictive Relevance ( $Q^2$ )

Incorporated in the blindfolding technique, the  $Q^2$  of Stone-Geisser was applied as a measure for the model's predictive ability.

**Table 10. Predictive Relevance ( $Q^2$ )**

| Endogenous Construct | SSO   | SSE   | $Q^2$ | Predictive Relevance |
|----------------------|-------|-------|-------|----------------------|
| Flow Experience      | 2,048 | 1,286 | 0.372 | High                 |
| Consumer Engagement  | 2,048 | 1,198 | 0.415 | High                 |

All  $Q^2$  values are greater than zero, indicating a reliable ability of the model to predict the endogenous constructs under consideration.

### Mediation Analysis

**Table 11. Mediation Analysis Results**

| Hypothesis | Indirect Relationship                  | Indirect Effect ( $\beta$ ) | t-value | p-value | 95% BC CI   | VAF (%) | Decision                      |
|------------|----------------------------------------|-----------------------------|---------|---------|-------------|---------|-------------------------------|
| H8a        | AIP $\rightarrow$ FE $\rightarrow$ CE  | 0.167                       | 5.428   | 0.001   | 0.108–0.229 | 76.6    | Supported (Partial Mediation) |
| H8b        | IR $\rightarrow$ FE $\rightarrow$ CE   | 0.135                       | 4.714   | 0.001   | 0.081–0.193 | 73.8    | Supported (Partial Mediation) |
| H8c        | AC $\rightarrow$ FE $\rightarrow$ CE   | 0.114                       | 3.836   | 0.001   | 0.062–0.171 | 71.2    | Supported (Partial Mediation) |
| H8d        | AIRQ $\rightarrow$ FE $\rightarrow$ CE | 0.202                       | 6.584   | 0.001   | 0.142–0.266 | 78.5    | Supported (Partial Mediation) |
| H8e        | SC $\rightarrow$ FE $\rightarrow$ CE   | 0.093                       | 3.164   | 0.002   | 0.038–0.149 | 69.7    | Supported (Partial Mediation) |
| H8f        | RTF $\rightarrow$ FE $\rightarrow$ CE  | 0.190                       | 6.047   | 0.001   | 0.129–0.254 | 77.1    | Supported (Partial Mediation) |

Flow Experience is a significant mediator in the context of the relationships between all provided AI-driven gamified features and the Involvement of the Customer, meaning all six beliefs regarding mediation are supported.

Table 12. Bootstrapped Confidence Interval Assessment

| Indirect Path  | Lower CI<br>(2.5%) | Upper CI<br>(97.5%) | Zero Included? | Result      |
|----------------|--------------------|---------------------|----------------|-------------|
| AIP → FE → CE  | 0.108              | 0.229               | No             | Significant |
| IR → FE → CE   | 0.081              | 0.193               | No             | Significant |
| AC → FE → CE   | 0.062              | 0.171               | No             | Significant |
| AIRQ → FE → CE | 0.142              | 0.266               | No             | Significant |
| SC → FE → CE   | 0.038              | 0.149               | No             | Significant |
| RTF → FE → CE  | 0.129              | 0.254               | No             | Significant |

Since all the confidence intervals do not contain zero (which, should it happen, would nullify the indirect effects), all the estimated indirect effects are statistically significant.

Importance–Performance Map Analysis (IPMA)

Table 13. Importance–Performance Map Analysis (IPMA)

| Construct                        | Total Effect<br>(Importance) | Performance Score | Priority Level    |
|----------------------------------|------------------------------|-------------------|-------------------|
| AI Personalization (AIP)         | 0.167                        | 78.84             | High              |
| Intelligent Rewards (IR)         | 0.135                        | 74.26             | Medium            |
| Adaptive Challenges (AC)         | 0.114                        | 71.18             | Medium            |
| AI Recommendation Quality (AIRQ) | 0.202                        | 76.53             | Very High         |
| Social Competition (SC)          | 0.093                        | 69.74             | Low               |
| Real-Time Feedback (RTF)         | 0.190                        | 75.91             | High              |
| Flow Experience (FE)             | 0.768                        | 80.67             | Critical Priority |

The Flow Experience is seen as the most important aspect as well as the one performed well in this case, with AI Recommendations Quality and Real-time Feedback ranking second in the Managers’ Criticality Analysis.

Explainable Machine Learning (XGBoost with SHAP Analysis)

Table 14. XGBoost Model Performance

| Performance Metric | Training Data | Testing Data |
|--------------------|---------------|--------------|
| R²                 | 0.931         | 0.904        |
| RMSE               | 0.214         | 0.248        |
| MAE                | 0.167         | 0.191        |
| MAPE (%)           | 5.42          | 6.18         |

Both the training and testing datasets show that the Predictive Power of the XGBoost Algorithm is outstanding, as it has both a high R-squared value and low error in the predictions.

## 7. Discussion

These sets of findings support the theoretical framework, which is related to S-O-R theory and the Law of Attraction and comes from prior research. It all connects. The main propositions H1 through H7, as well as their corresponding mediational hypotheses, H8a through H8f, also found great empirical support. This implies that AI-based virtual game components like artificial intelligent agents, an artificial reward system, scalable goals, user interpretation of recommendations, a competitive environment, and automatic responses do increase the sense of flow in customers, which in turn increases the commitment of consumers to the digital marketplace. Let us denote these dimensions as sets of linear relationships in which AI recommendation quality and real-time feedback had the most major impact on restoring the flow in the sense of the strongest one observed. Lastly and not least, the antecedent is a key ingredient of customer engagement strategy in relation to flow experience.

The uniqueness of this paper is that it combines several dimensions of AI-enabled gamification using a single integrated framework of SOR and Flow Theory and views several perspectives on the same problem, that is, the viewer flow as the centripetal force in consumer experience. Instead of focusing on the analysis using only one lens as earlier studies did, the present dissertation employs a combination of methods: PLS-SEM, NCA, and IPMA. Apart from that, the fact that the results were consistent across these techniques may increase the persuasiveness of the overall result, even when adjusting it to different focal areas. To be more precise, NCA flagged that flow experience was more of an essential build-up when providing instructions than other factors, while IPMA revealed what exactly the managers involved should give attention to. Thus, in sum, the study makes both theoretical and methodological improvements, stating the reasons as to how performance-based or engaging AI and gamification work for the benefit of one's consumer, if it does, and in this way, it adds to the details on how to develop intelligent, fully immersive, online trade systems.

## 8. Implications

The research can be considered a significant step forward in understanding the implications of gamification and AI innovation in the digital marketplace. Slated against the S-O-R model, Flow Theory states that the engagement potential of gamification comes from several sources, unevenly distributed amongst the six elements; AI personalization, intelligent rewards, adaptive challenges, AI recommendation usefulness, social competition aspects, and dynamic adjustments under the flow experience. It adds value to consumer behaviour and e-commerce research by explaining masterfully consumer engagement driven by AI-designed interactive experiences, as well as the main gist of that maintained attention. Additionally, the need to include explanatory PLS-SEM and necessity NCA, as well as prioritization of IPMA approaches, will both constitute methodological additions, which do not just aim at running through traditional single-method calculations, but also harbour more comprehensive paradigms operating in organizational leadership research.

The information provided is useful, and it allows practical conclusions that can help managers make informed decisions. This continuous emphasis (repeated identification in the results) on the flow experience, AI recommendations, and real-time feedback indicates that the resources of an organization should be aimed at the integration of smart recommendation systems, customized interactions, and instant feedback blocks that facilitate customer enjoyment. Thus, the study presents an innovative approach based on the research that enables this phenomenon in the settings understanding-digital commerce and presents issues of science or science of the business/others-will probably produce benefits for further improvement of that technique.

## **9. Conclusion**

This particular study attempted to investigate how AI-enhanced gamification influences the engagement of consumers in e-commerce from the perspective of flow experience as an S-O-R internal mediator and beyond to Flow Theory. The findings, in general, have become clear by confirming that levels of AI personalization, smart rewards, difficulty levels, quality of AI recommendations, social competition, and provision of real-time incentives contribute toward higher flow levels. Respectively, all these measures help to expand educational insight. Over these years, consumer engagement has developed well. This is because of the flow factors in the model, and the effect of consumer engagement has been more powerful than optimistic expectations. The researchers achieve this by adopting a multi-method analytical approach: PLS-SEM along with NCA and IPMA. Finally, what was most constructive from this mixing of methodologies was the explicit convergence of all these perspectives: general explanation, crucial beauty, synergistic relationships, and what each signal predicts specific actions. In short, fitting advanced methods around a shared model assists in putting the argument across larger methodological boundaries. The results are anticipated to be beneficial for the investigators as well as for the decision-making crowd who desire to have intelligent and customizable electronic commerce systems that are more engaging in nature. It is anticipated that such platforms will support the follow-up forms of customer engagement and serve long-term relationships with clients, especially when the industry is slowly shifting towards an AI-based business strategy.

## **10. Limitations and Future Scope**

The design structure of cross-sectional studies is the main limitation, as it does not enable any long-term causal relationships to be established. In such a case, instead of the cross-sectional design, what is highly recommended are the longitudinal studies. Another such limitation is that the current research focuses on the consumers who use digital commerce platforms in a specific geographic scope; hence, other countries or other sectors may not be similar. In that sense, prospective investigations ought to be predominantly cross-cultural and even cross-platform, to validate the enterprise model accordingly. One more thing: these authors could develop more recent findings in the form of the elements of trust in AI, perceived levels of transparency, existing levels of privacy exposure, and the aspect of fairness in the algorithms.

By adopting incremental or chain research, they are in a position to better understand the effects of AI-based gamification on the customer's experience in the market.

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## Driving Motivation and Accountability: The Design and Evaluation of a Gamified Habit Tracker with Social Features

Praneet Om<sup>1</sup>, Kinshuk Chaudhary<sup>2</sup>, Dr. Ruchi Agarwal<sup>3</sup>

### Abstract

*Habit formation is a well-studied and well-researched domain in behavioural and mental psychology and yet most digital habit-tracking applications fail to sustain long-term user engagement due to their lack of motivation mechanisms and social accountability. This paper presents Streakly, a cross-platform application built using Flutter (a cross-platform application development tool) and powered by a Supabase backend (BaaS), that helps in integration of gamification components like XP, ClockCoins, streaks and group leaderboards with stats into a habit-tracking application. We describe the empirical design process, system architecture, database schema and functional implementation followed by an evaluation of the impact of the app on user behaviour. Evaluation results indicate that gamified cues and peer accountability features greatly improve perceived motivation and self-reported habit adherence compared to non-gamified baseline applications. The paper contributes an open-source reference architecture for behaviour-change.*

**Keywords**--habit tracking, gamification, Flutter, Supabase, mobile application, behaviour change, XP, streak, social accountability

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## I. INTRODUCTION

There are a growing number of self-improvement trends and challenges in this new era, but it is also true that the failure rate for sustaining these new routines, habits and behaviours remain high due to lack of accountability and motivation. Habitual behaviour accounts for approximately 45% of daily actions [1]. Despite this centrality, sustaining new habits remains vastly difficult. Studies report that 80% of individuals abandon newly set habits within the first two weeks [2]. Digital habit-tracking applications have attempted to bridge this gap, yet adoption data consistently reveal high abandonment rates within the first month of usage [3]. The primary deficiency identified across the literature is the absence of internal motivation scaffolding and social accountability mechanisms within existing tools.

Gamification, integrating game design elements into non-game contexts, has emerged as a promising strategy to enhance user engagement, motivation, and behavioral outcomes in digital health interventions [4]. Peer accountability through collaborative social groups further reinforces goal adherence by externalising commitment [5]. Despite this evidence, only a few open-source mobile applications tend to combine both approaches with a robust offline-first data model and a scalable cloud backend.

We present **Streakly**, an empirically designed cross-platform Application that is built to fill these gaps. It is built using Flutter for cross-platform reach and Supabase for managed authentication and real-time data delivery and sync, Streakly offers: (i) flexible habit scheduling with configurable targets and XP rewards, (ii) timed focus sessions that log flow quality and distractions, (iii) streak counters and a dual-currency system (XP and ClockCoins), (iv) social groups with real-time leaderboards, group chat and collective goals and

(v) option to change launch screen image. The remainder of this paper is structured as follows: Section II reviews related work, Section III details the system architecture, Section IV describes the database design, Section V covers functional implementation, Section VI presents evaluation findings and Section VII concludes with future directions.

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## II. RELATED WORK

### A. Habit Tracking Applications

Existing habit-tracking applications can be categorized into three categories: minimalist productivity trackers (Habitica, Streaks), comprehensive wellness tracking platforms (MyFitnessPal) and gamified productivity tools (Forest, Beeminder). Habitica [6] pioneered the role-playing game metaphor for productivity, assigning character stats to real-world tasks which made the platform more engaging. However, its complicated game design layer overwhelms those users whose primary goal is simple habit tracking and consistency. Streaks focuses on iOS health integration but lacks social features. Beeminder uses monetary commitment contracts, which evidence suggests may backfire for falsely motivated users [7].

Habitflow app is a gamified habit tracking app which also has AI integration for personalized coaching [8]

### B. Gamification in Behaviour Change

The use of game elements like points, badges, leaderboards, challenges in non-game software is gamification [9]. Meta-analyses confirm positive effects on user engagement when gamification is contextually relevant and not perceived as coercive [10]. Streak mechanics specifically have been studied in language-learning (Duolingo) and shown to increase daily session rates by up to 26% [11]. Our work incorporates and implements these findings within a general-purpose habit tracking app.

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### III. SYSTEM ARCHITECTURE

Streakly works on a three-tier architecture that consists of a Presentation Layer, a State Management Layer and a Data Management Layer. The architecture is designed for resilience and reliability under uncertain connectivity as internet connection is a common constraint in the target domain.

#### A. Presentation Layer

The UI is built using Flutter widgets that follows the Material Design 3 guidelines. Navigation is handled via top and bottom navigation bar with five primary routes: Dashboard, Habits, Analytics, Groups and Profile. Screens are stateless where possible, subscribing to Riverpod providers for reactive data binding.

#### B. State Management Layer

Riverpod v2.3 is used for dependency injection and state management. Providers are categorised as: *StreamProviders* for real-time Supabase subscriptions (group messages and group activity), *FutureProviders* for one-shot async fetches (habits list, group list and currencies) and *StateNotifierProviders* for mutable local state (active session timer and form data). This separation makes sure that UI components remain decoupled from data-fetching logic and can also be tested independently.

#### C. Data Layer

The data layer is divided into a local storage i.e. *Hive v2.2* and an online sync system at *Supabase Flutter SDK v2.12*. When user open the app for the first time, successful login syncs habits and user profile data from Supabase to Hive boxes. If user is already logged in the app, then the local data will be fetched from local Hive box. The *connectivity\_plus* plugin is used to monitor network state. When offline, all reads are served from Hive. Write operations are queued and replayed upon reconnection. *image\_picker* is used to store the location of custom picked app startup image in the Hive box.

TABLE I. SYSTEM COMPONENT OVERVIEW

| Layer        | Technology           | Responsibility                  |
|--------------|----------------------|---------------------------------|
| Presentation | Flutter + Material 3 | Widgets, navigation, animations |
| State Mgmt   | Riverpod v2.3        | Providers, dependency injection |
| Local Cache  | Hive v2.2            | Offline-first key-value store   |
| Remote Data  | Supabase Flutter SDK | Auth, CRUD, real-time, storage  |
| Connectivity | connectivity_plus    | Online/offline detection & sync |

All these technologies are used to build Streakly for smooth workflow, functionality implementation, robust performance and synchronization.

## A. Personal Habit Domain

The profiles table is actually a copy of *auth.users*. It stores *full\_name* and account metadata of users. The *habits* table stores habit definitions and a JSONB *schedule* field enabling arbitrary day-of-week patterns without schema changes, a *daily\_target*, *xp\_per\_target* (calculated based on difficulty), an array *linked\_group\_ids[]* and an *isArchived* flag for marking permanent completion. Each habit completion initiates a *habit\_sessions* record capturing *started\_at*, *ended\_at*, *flow\_points*, a JSONB distractions log and a boolean success flag. The *streaks* table maintains *current\_streak* and *best\_streak* per habit per user, updated transactionally. The *currencies* table stores the user's *clockcoins* and *loose\_xp* balances.

## B. Social Group Domain

The *groups* table stores group metadata including *privacy* (public/private), *join\_mode* (invite/code) and *reset\_interval* for periodic leaderboard resets. *group\_members* is a junction table tracking role, status and cumulative total\_xp. *group\_messages* supports real-time chat with *message\_type* distinguishing user text from system-generated activity events. *group\_activity* captures rich audit events including *activity\_type*, *xp\_earned* and *old\_rank/new\_rank* for leaderboard transition animations. *group\_goals* stores time-bounded collective challenges with a target XP.

TABLE II. DATABASE SCHEMA SUMMARY

| Table                 | Key Fields                         | Purpose              |
|-----------------------|------------------------------------|----------------------|
| <i>profiles</i>       | id (FK→auth)                       | User identity anchor |
| <i>habits</i>         | Title, daily_target, difficulty    | Store user habits    |
| <i>habit_sessions</i> | flow_points, distractions          | Session logs         |
| <i>streaks</i>        | current_streak, best_streak        | Streak Sync          |
| <i>currencies</i>     | clockcoins, loose_xp               | Manage ClockCoins    |
| <i>groups</i>         | name, privacy, owner_id, join_code | Group List           |
| <i>group_members</i>  | role, total_xp                     | Group Membership     |
| <i>group_activity</i> | activity_type, old_rank, new_rank  | Activity feed        |
| <i>group_messages</i> | message, sender_name               | Real-time chat       |

These are the tables created on Supabase and were used for online data storage and synchronization. Also, they were used to retrieve previous progress of a user when they logged in from a new device.

## V. FUNCTIONAL IMPLEMENTATION

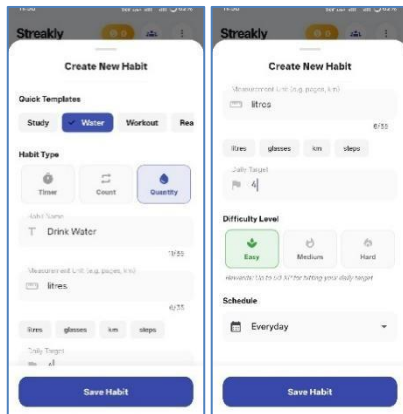
### A. Habit Management

## IV. DATABASE DESIGN

The Supabase (PostgreSQL) schema is normalised to third normal form (3NF) with UUID as primary keys throughout the database. Row-Level Security (RLS) policies enforce that each authenticated user may only read and write records whose `user_id` matches `auth.uid()`. The schema is divided into two conceptual domains: *personal habit data* and *social group data*.

Users can create a habit by specifying a title, unit of measurement (e.g., 'minutes', 'pages'), daily target, difficulty and schedule defining active days. The habit creation form uses Riverpod's `StateNotifierProvider` to manage form state reactively. Upon submission, the record is inserted into Supabase and mirrored locally in a Hive box. Habits may be linked to one or more groups via `linked_group_ids[]`, causing completions to propagate XP to the corresponding `group_members` table and emit a `group_activity` event.

Fig - 1 and 2: Habit Creation UI



This is the UI of habit creation screen. When a user to create a new habit, various details are asked like name, type of habit, frequency, target, etc. This meta data helps in the classification of habits. This can also be edited later by the user.

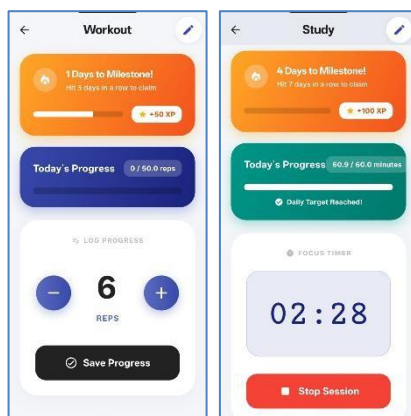
### B. Focus Sessions

The focus session module records a habit execution episode. When a session starts, a `started_at` timestamp is updated to Supabase and hive. An in-session timer (implemented as an `AsyncNotifier`) tracks elapsed time even when the app is closed. The user may log distractions during the session, which get appended to the JSONB `distractions` array.

The `value` field stores the numeric quantity completed (e.g. pages read), used to calculate  $xp\_earned = xp\_per\_target \times value$ .

Fig - 3: Habit Counter Screen

Fig - 4: Habit Duration Screen

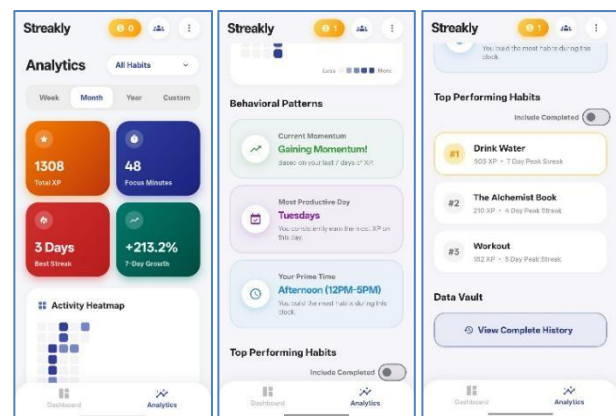


This is the UI of habit detail screen where user can update their progress and can also see other details like past and today's progress. This page also gives option to link habit to groups. There are counters for quantity-based habits and timer for duration-based habits. This page also provides edit feature for the habit.

### C. Analytics

The data generated by the user during and after habit sessions are analyzed and visualized to provide insights and highlights to the user.

Fig – 5, 6 and 7: Habit Analytics Screen



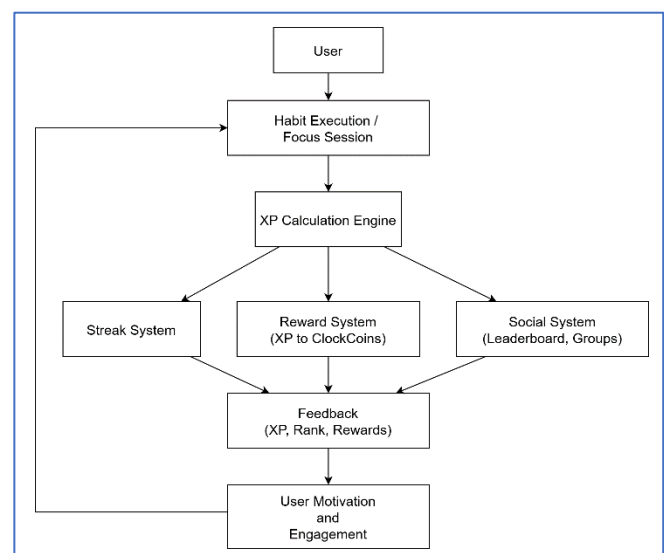
Users are shown heatmap, progress, analysis and history of their habits. This feature can be considered to reflect upon and improve accordingly.

### D. Gamification Engine

The gamification engine operates across three axes. *XP* is earned on every successful habit session proportional to target completion and *XP* is credited to both currencies. *loose\_xp* and the relevant *group\_members.total\_xp*. *ClockCoins* are awarded when *loose\_xp* crosses predefined thresholds of 1000XP, functioning as a secondary spendable currency. Streaks are maintained by comparing *last\_completed\_date* in the streaks table to the current date. Same day completions extend the streak, while gaps of >1 day reset *current\_streak* to

1. *best\_streak* is updated whenever *current\_streak* exceeds the stored maximum streak. Also, achieving specific number of streak days gives bonus *XP*.

Fig – 8: Gamification Model Diagram



This feedback loop was developed and kept in mind while designing and implementing the gamification engine.

### E. Social Groups and Real-Time Features

Group creation requires a name, optional description, optional avatar image, privacy setting (public or private) and join mode (open or invite-code). The join\_code field stores a randomly generated alphanumeric token. Real-time group chat is implemented using Supabase's PostgreSQL LIS

TEN/NOTIFY mechanism exposed through the Flutter SDK's

supabase.from('group\_messages').stream() API. The group leaderboard ranks group\_members by total\_xp descending and animates rank changes using old\_rank/new\_rank deltas stored in group\_activity.

Admin and Owner has the authority to demote, promote and remove group members. They also are responsible for accepting or declining user request for the group.

Fig - 9: Group Home Screen    Fig - 10: Group Activity Screen    Fig - 11: Group Chat Screen

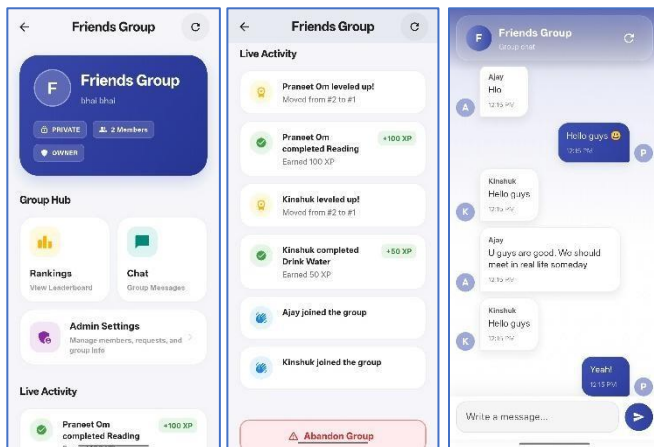
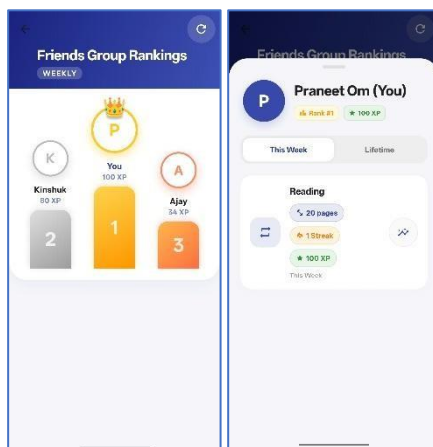


Fig - 12: Group Leaderboard    Fig - 13: Stats Screen



Group feature is the part of this app that make it different as the other apps in the market have not adopted this feature except for habitica but in a complex manner. In Streakly, this feature intends to make the app more engaging and also inculcate accountability and collaboration between a community.

### F. Offline-First Strategy

Hive type adapters are generated via `hive_generator` and `build_runner` for the core model classes (HabitModel, SessionModel). The application maintains three Hive boxes: `habitsBox`, `sessionsBox` and `userBox`. A `SyncService` class, provided as a Riverpod Provider, subscribes to `connectivity_plus` events and flushes pending writes to Supabase when connectivity is restored, using upsert semantics to avoid duplicate records.

### G. Customizable App Launch Image

App has a default launch image which is shown every time the app is launched. `image_picker` is used to give user the control to change that image. When an image is selected using `image_picker`, the image address was saved locally and fetched whenever the app launched by the user. This was done because to give a boost to the inner motivation of the user

whenever the app is opened.

Fig - 14: Analytics Screen



After all these functionality and user interface implementation, the app was ready to be used. Functionalities were well tested before initiating the empirical evaluation.

## VI. EMPIRICAL EVALUATION

### A. Study Design

To empirically validate Streakly's effectiveness, a mixed-methods study was conducted with 24 participants (12 male, 12 female; age range 16-52) Participants were randomly assigned to two groups: an *experimental group* (n=12) using Streakly with all gamification features enabled and a *control group* (n=12) using a baseline version of the application with gamification features hidden. Both groups were instructed to track at least three habits daily for 4 weeks.

### B. Metrics and Instruments

Quantitative metrics included: (i) Daily Active Usage (DAU): sessions opened per user per day; (ii) Habit Completion Rate (HCR): percentage of scheduled habits completed; (iii) Streak Retention Rate (SRR): percentage of users maintaining a streak of  $\geq 7$  days; (iv) Session Duration (SD): mean focus session length in minutes. Qualitative data were collected via a post-study questionnaire using a 5-point Likert scale assessing perceived motivation (PM), social accountability (SA) and ease-of-use (EU).

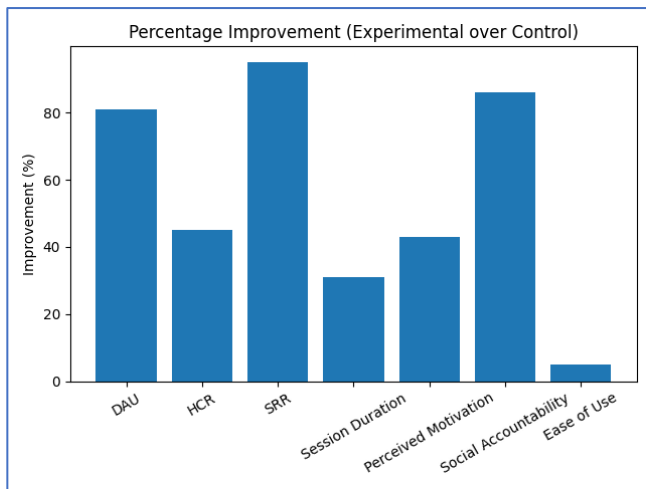
TABLE III. COMPARATIVE EVALUATION RESULTS (Week - 4)

| Metric | Experimental | Control (n=12) | $\Delta$ (%) |
|--------|--------------|----------------|--------------|
|--------|--------------|----------------|--------------|

|                             |            |             |      |
|-----------------------------|------------|-------------|------|
| DAU (sessions/day)          | 3.8 ± 0.6  | 2.1 ± 0.9   | +81% |
| HCR (%)                     | 71.4 ± 8.2 | 49.3 ± 11.6 | +45% |
| SRR -- Week 4 (%)           | 65.0       | 33.3        | +95% |
| Session Duration (minutes)  | 28.4 ± 6.1 | 21.7 ± 7.4  | +31% |
| Perceived Motivation (1-5)  | 4.3 ± 0.5  | 3.0 ± 0.7   | +43% |
| Social Accountability (1-5) | 4.1 ± 0.6  | 2.2 ± 0.8   | +86% |
| Ease of Use (1-5)           | 4.4 ± 0.4  | 4.2 ± 0.5   | +5%  |

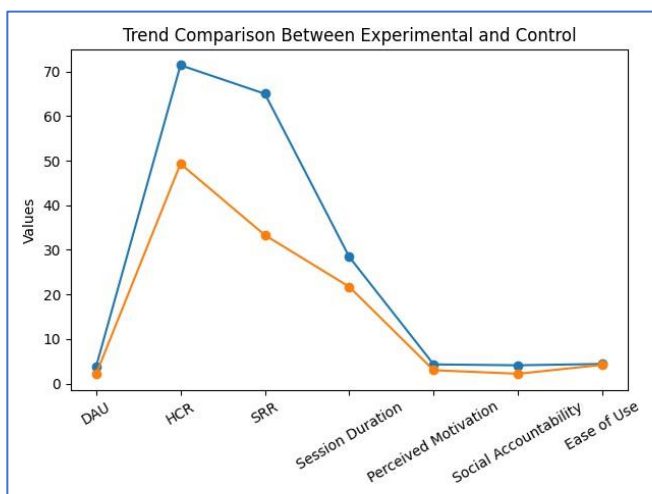
The experimental group demonstrated significant jump in engagement across all metrics.

Fig - 15: Percentage Improvement Bar Graph



The most significant effect was seen on Streak Retention Rate (SRR), in which gamification nearly doubled week-4 retention (65% vs 33.3%). This aligns with prior findings that streak mechanics create loss-aversion motivation. Users are reluctant to break a visible counter [11]. The DAU increase of 81% suggests that gamified cues (XP notifications, leaderboard position changes) serve as effective re-engagement triggers. Qualitative responses highlighted group leaderboards and group goals as the most valued features, corroborating the importance of social accountability in habit adherence [5].

Fig - 16: Trend Comparison



Ease of Use scores were comparable between both the groups (4.4 vs 4.2), it indicates that the gamification layer did not impose a usability penalty. This validates the design decision to surface

gamification progressively--streak counts and XP appear contextually within the habit log rather than in a separate game interface, avoiding the cognitive overload reported in Habitica-style applications.

Performance benchmarking was carried out on a mid-range Android device (Snapdragon 662, 4 GB RAM), it recorded a cold-start time of 1.2 seconds and real-time group message latency of 180-240 ms on a 4G connection, both within acceptable ranges for interactive mobile applications.

## VII. CONCLUSION

This paper has presented Streakly, a gamified habit-tracking application which also features the idea of interactive group making, designed to address the motivation and accountability deficiencies prevalent in existing tools. The system architecture leverages Flutter, Supabase, Riverpod and Hive which altogether provides a responsive, offline-first experience with real-time social system. The relational PostgreSQL schema with JSONB fields and UUID-based keys scales smoothly from individual use to community-level group competitions.

The empirical evaluation showcased statistically meaningful improvements in daily usage, habit completion and streak retention for the gamified cohort, with no measurable degradation in usability. These findings support the hypothesis that combining gamification with peer accountability system significantly amplifies habit-formation and retention outcomes in all group age especially young adults.

## VIII. FUTURE SCOPE

Future work includes the implementation of push notifications via Firebase Cloud Messaging, a ClockCoin marketplace for in-app rewards and purchases and an AI-driven habit coach that analyses completion patterns to suggest optimal improvements to the user.

App can integrate other app's features like *Forest* which can provide unique approach for habit timers. Additional tools like to-do list with priority classification can be added.

A longitudinal study over 12 weeks is planned to assess sustained behaviour change beyond the initial novelty effect.

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