TASK 03: AI-DRIVEN BUSINESS STRATEGY AND CASE STUDY ANALYSIS

PART A: AI BUSINESS STRATEGY

INTRODUCTION

Leveraging AI solutions and technology have transformed the marketing and sales industry in modern times. Organizations can now come up with fresh and innovative solutions to constantly changing consumer preferences and demands to ensure brand loyalty and growth (Aagaard & Tucci, 2024). In a world that is thriving on digitization, cross platform customer experiences and the need for experiences tailored to individual expectations, AI capabilities have revolutionized the industry landscape allowing organizations to analyse customer data to gain insights on buyer behaviour, optimize processes and provide what customers are looking for on a large scale (Aagaard & Tucci, 2024). Identifying strategic opportunities to utilize AI technologies to enhance the product offerings for a customer proactively will help organizations overcome challenges and embrace opportunities in the competitive industry.

STRATEGIC OPPORTUNITIES

LEAD PRIORITIZATION AND SALES FORECASTING

In this constantly changing landscape, organizations face challenges when trying to differentiate between leads that have potential and those which may not convert. Reliance on simple lead scoring methods and manual processes can lead to missed opportunities, misallocation of resources and revenue streams that are unpredictable (Goel, 2024). To avoid this AI tools such as Machine Learning Modes and predictive analytics for lead prioritization and sales forecasting can be used (Goel, 2024). These tools will dive deep into historical sales data, market conditions and interactions with customers to provide accurate reports on future sales trends and also assign probabilities of conversion to each lead (Goel, 2024). This allows the sales team to direct their attention on the opportunities with the highest potential, effectively allocate their resources and improve pipeline management (Goel, 2024). This leave sales team with a high morale, makes them more productive as it enhances predictability of revenue streams.

CHURN REDUCTION AND CUSTOMER RETENTION

The most challenging tasks businesses face in the modern business environment is retaining a new customer. Studies show that it costs more to attract potential new customers than it does to retain customers who are already loyal to the brand (Fiiwe et al., 2023). Long term profitably relies heavily on an organizations ability to anticipate churn, intervene when required with a disgruntled customer and retain them within the customer pool (Ip, 2025). By leveraging AI to identify churn patterns (Complaints, Returns, Reduced Engagement, changes in buying frequency) and use predictive models to identify customers who are most likely to churn will aid the customer support team to focus on preventative action (Ip, 2025). Using this data, Organizations can work on personalized campaigns such as specialized discounts, Special Offers and Loyalty Rewards to grab the customer before its too late (Ip, 2025). Reducing churn protects a businesses' recurring revenue streams and strengthens the relationship between the Customer and the organization.

PERSONALIZATION

In the modern business world, customer expectations are always evolving and personalization is no longer a competitive advantage but a requirement. Traditional segmentation that involved dividing customers into broad categories are limited and too static as it does not consider rapidly changing customer preferences. Customers can now interact with businesses on multiple platforms; apps, social media, websites and emails – and they expect a constant personalized experience on all of them. Using AI solutions to drive personalization helps tackle this challenge by analysing massive volumes of real-time customer data such as purchase patterns, engagement signals and browsing history (Rafieian & Yoganarasimhan, 2023). This helps organizations deliver targeted messages and individualized recommendations, creating dynamic, one on one experiences, boosting conversion rate, improving customer satisfaction and nurturing stronger loyalty to the brand (Rafieian & Yoganarasimhan, 2023).

PROPOSED AI SOLUTIONS

FIRST SOLUTION: LEAD PRIORITIZATION AND SALES FORECASTING

Leverage AI tools to analyse customer interactions, market trends, Past performance sales and CRM data to predict closures of deals, strengthen pipeline visibility and prioritize leads.

Technology: NLP for analysing transcripts of sales calls, ML classification models and predictive analytics.

Example: AI dashboards provide Sales representatives with a "lead score" and how likely it is to convert which will help them direct their focus towards the most promising avenues.

SECOND SOLUTION: CHURN REDUCTION AND CUSTOMER RETENTION

Analysing behavioural signals such as declining purchases, reduced engagement, complaints reduced login frequency with AI models to forecast which customers are at a risk of leaving.

Technology: Predictive time-series analysis, ML classification models and sentiment analysis

Example: SAAS providers or Uber Eats launch retention campaigns when a customers churn probability is high such as providing customized discounts and account manager check-ins to improve satisfaction and lifetime value.

THIRD SOLUTION: PERSONALIZATION USING AI

Using Machine Learning models and AI algorithms to analyse customer data such as demographics, purchasing behaviour and history, engagement patterns to decide on tailored email campaigns, product recommendations and personalized website content.

Technology: AI Powered recommendation systems: Content based Methods, Collaborative Filtering methods or Hybrid Methods

Example: Social media suggests post, accounts and other users you can connect with; E commerce platforms suggest items based on purchase and browsing history.

EXPECTED KPI'S AND OUTCOMES

FIRST SOLUTION: LEAD PRIORITIZATION AND SALES FORECASTING

KPI's

- Accurate prediction of future sales revenue
- Lead conversion rate
- Improved average sale cycle length

Expected Outcomes

- Proactively develop strategies
- Better resources panning and allocation
- Improved financial planning
- Sales efforts focused on promising leads

SECOND SOLUTION: CHURN REDUCTION AND CUSTOMER RETENTION

KPI's

- Lower churn rate
- Higher Customer Lifetime Value
- Higher Retention Rate

- Reduced Churn Percentage
- Increased Customer Loyalty
- Efficient Marketing ROI

Expected Outcomes

THIRD SOLUTION: PERSONALIZATION USING AI

KPI's

- Increased CTR (click through rates) for personalized campaigns
- Increase in revenue per user (RPU)
- Better CSAT and NPS score.

Expected Outcomes:

- Improved customer engagement through personalized interactions
- Enhanced engagement and customer loyalty
- Higher AOV (average order value) and conversion rates

IMPLEMENTATION CONSIDERATIONS

INFRASTRUCTURE (DATA)

- **Requirements:** Data obtained from multiple platforms such as CRM, e-commerce, Web analytics, social media and call centres) is consolidated to a centralized customer data platform.
- **Consideration:** To increase model accuracy, data and integration has to be consistent and of high quality.

TALENT RECRUITMENT:

- **Positions:** Engineers (Machine Learning and Data), Data Scientists and Marketing Analysts.
- **Strategy:** To obtain specialized expertise; team up with AI solution providers and focus on upskilling internal teams.

CHANGE MANAGEMENT

- **Shift in Organization Culture:** Incorporating AI insights into workflows will require employee trust. Alignment between IT, Marketing and Sales departments is needed for the adoption of AI tools.
- **Training:** To interpret and implement AI powered recommendations, sales and marketing teams will require hands on training.

RISK MANAGEMENT

- **Compliance and Privacy:** Usage of customer data should be in accordance with CCPA, GDPR and other regulatory requirements (Sugureddy, 2023).
- **Fairness and Bias:** To ensure specific customer segments are not inadvertently disadvantages, all AI recommendations must be unbiased
- **Adoption Risk:** Initializing the change using pilot programmes for faster wins will help mitigate the resistance to change.

DEPLOYMENT OF THE AI SOLUTIONS (HIGH LEVEL ROADMAP)
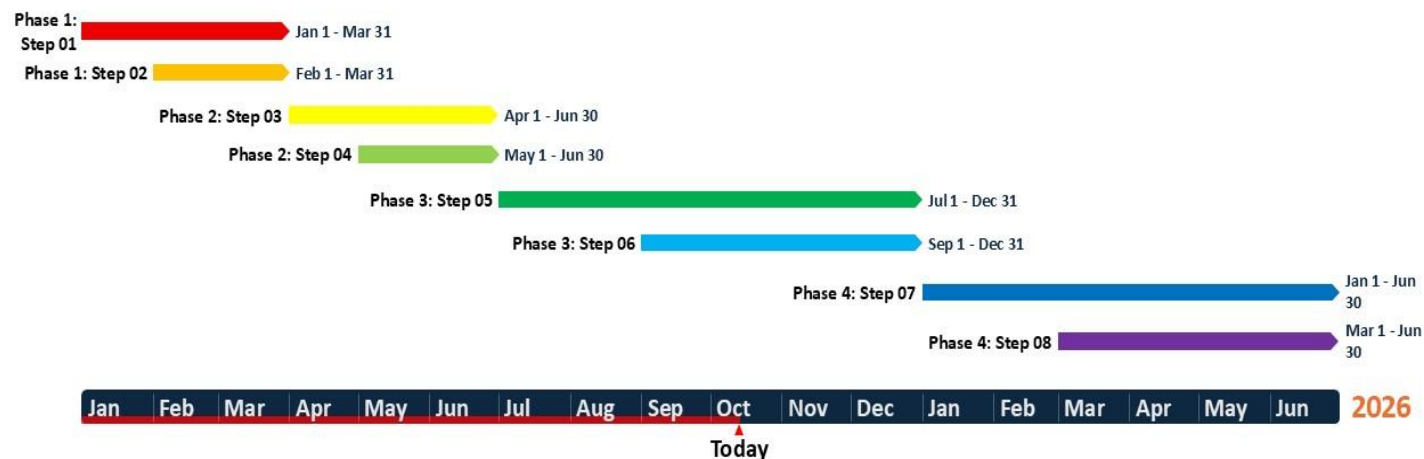
Phase 1: Step 01	Establish data infrastructure and integrate key data sources
Phase 1: Step 02	Conduct proof-of-concept projects for personalization and churn prediction
Phase 2: Step 03	Scale personalization models across marketing channels
Phase 2: Step 04	Implement predictive sales analytics in CRM systems
Phase 3: Step 05	Deploy AI-driven retention campaigns with real-time triggers
Phase 3: Step 06	Monitor KPIs and refine models continuously
Phase 4: Step 07	Expand AI use cases (e.g., chatbots, dynamic pricing
Phase 4: Step 08	Institutionalize AI practices with governance frameworks

Figure 1: High Level Roadmap of AI solution deployment
Created by author, 2025.

CONCLUSION

The impact of AI Solutions can be aligned with business goals by ensuring clearly defined KPI's are connected to Sales Forecasting, Retention and Personalization. In order to gain a competitive advantage over the peers in the transformative business environment nowadays, organizations need to strategically embrace AI technologies and solutions using skilled talent, practicing change management and supported by solid data infrastructure. Businesses can now provide customers with hyper-personalized experiences, proactively retain them and optimize sales performances by implementing the transformative opportunities that AI presents.

PART B: AI CASE STUDY ANALYSIS

OVERVIEW OF THE CASE STUDY

With over 260 million subscribers, Netflix has become the global leader in subscription-based streaming in the world as of 2025 (Baranidharan & Kulkarni, 2025). The main reason it is able to maintain a competitive edge amongst a vast number of its peers in the market is the ability to provide its viewers with highly personalized suggestions which keep them engaged and reduces churn (Cui, 2024).

Machine Learning algorithms are used to analyse vast amounts of data points every day and power the Netflix Personalization engine, these include:

- What, when and for how long users watch (their viewing history)
- Search patterns, ratings, rewinds and pauses (Interaction data)
- Location, Time of day and Type of device (contextual Factors)

Traditionally Netflix used collaborative filtering methods based on similarity of users to suggest movies. As it evolved with time the system was updated to a hybrid recommendation engine by utilizing deep learning, collaborative filtering and content-based filtering (Sarkar, 2025). In order to refine real -time recommendations, Netflix also used a reinforcement learning method (Sarkar, 2025).

Netflix has integrated personalization across multiple contact points; Thumbnail artwork shown for a title, search results, push notifications and even the homepage (Neglur & PS, 2024). An example is that the different posters may appear on different user profiles for the same show based on if the viewer prefers action, romance or comedy to optimize engagement in a subtle but powerful way.
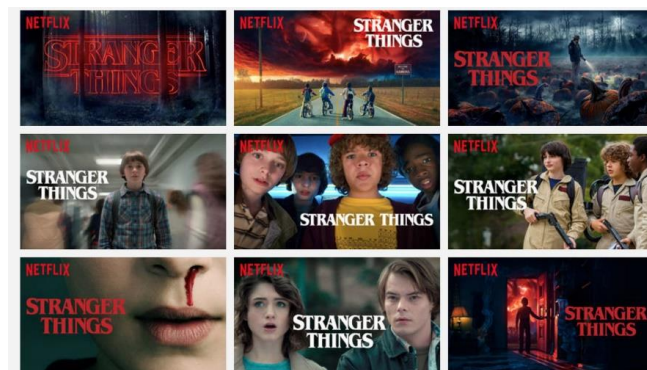
Figure 2: Netflix personalized artwork examples
Source: Dezeen (2017)

Figure 3: Examples of Netflix Thumbnails
Source: Clinehens, Choice Hacking (2024)

IMPACT ANALYSIS

The use of AI for personalization by Netflix has had a significant impact on the streaming field reshaping business performance and a customer's experience. Netflix has gained a competitive advantage in the global streaming marketplace by using complex algorithms to analyse large amounts of consumer data such as viewing history, ratings, browsing time and search patterns to make recommendations that are personalized to each user (Cui, 2024).

- **Customer Engagement & Retention:** Netflix reduces churn and keeps the subscribers engaged longer by reducing "decision fatigue". The platform has estimated that about 80% of the content viewed is not from manual search rather from recommendations (Neglur & PS, 2024).

- **Profitability & Revenue:** Reducing churn and an increase in average watch times per subscriber through personalization has driven billions in their annual savings (Neglur & PS, 2024).

- **Content Strategy:** AI is used to obtain insights on current and upcoming trends to support strategic decision making in producing content (Abishek & Judi, 2025). For example: The data analysis shows a rising interest in Asian dramas, survival and dystopian themed shows. This info resulted in Netflix investing heavily in squid game. The recommendation algorithms were able to direct the suggestions to the most promising subscribers. Squid game then became a global sensation: the most watched show in Netflix history.

Despite the potential challenges Netflix faces; algorithmic transparency, data privacy issues and filter bubbles that may constrain diversity of content, the impact of AI remains positive. Personalization via AI has achieved the objectives by reducing churn, increasing engagement and strategic content development which has boosted Netflix to the Apex in the digital entertainment industry.

LEARNINGS & CHALLENGES

CHALLENGE 01

Many subscribers are not content with the amount of data collected and used by Netflix. Despite the added value, users are worried about transparency (Neglur & PS, 2024).

- **Learning:** To reduce perceptions of intrusion and build trust among users; communicating the positives of personalization using AI is key.

CHALLENGE 02

Suggestions for new users who do not have a viewing history or any data on their search patterns and for new content without any viewership data, the suggestion accuracy may decrease (Neglur & PS, 2024). To address this, metadata (Such as keywords, genre, cast) and incorporated with behavioural data in hybrid models.

- **Learning:** To overcome these constraints multiple data sources should be blended together.

CHALLENGE 03

Advanced infrastructure and high-quality data is required as Netflix processes petabytes of data every day (Guru, 2023). Apache Spark, Custom ML platforms (developed in-house: Metaflow) and Aws cloud services are used for data processing on a large scale.

- **Learning:** For real time tailored recommendations on a global scale high quality data and scalable infrastructure is required.

CHALLENGE 04

Subscribers may only see content similar to what is in their viewing history, essentially there is a risk of creating a filter bubble (Guru, 2023). This is mitigated by Netflix including "Top 10 in *Country*", Editorial Collections and "Trending Now" in the Homepage to showcase new genres to the users.

- **Learning:** There has to mechanisms put in place to balance over- personalization to promote diversity in content.

ETHICAL CONSIDERATIONS

- **Content Exposure and Fairness** – AI recommendation systems can create "filter bubbles" and may also result in new/small creators and content being overlooked by prioritizing popular titles. To ensure equitable exposure to diversity in content fairness -aware models and periodic algorithm audits must be implemented.

- **Data privacy and protection** – The platform collects data at the lowest level of detail under GDPR which concerns users. Even though most of this data is aggregated and anonymized, most people are worried about the thin line that distinguishes between personalization and surveillance blurring. Streaming platforms have to ensure transparency measures are in place for subscribers to opt out of data driven recommendations or have a dashboard to manage the personalization preferences.

- **Platform Design** – The recommendations made by AI are designed to encourage subscribers to stream for extended hours on the platform which can have adverse effects on one's health. This can be mitigated by using reminders such as healthy usage nudges to balance subscriber engagement for their welfare.

CONCLUSION

The personalization engine used by Netflix showcases how data driven suggestions can nurture retention, provide a competitive advantage and drive engagement. It is easily one of the most advanced AI solutions in sales and marketing around the globe. It is the foundation of the platforms business model that nudges subscribers to wards what they watch but also the content the company develops.

The case clearly illustrates that the platform has challenges to overcome and that the adoption of AI technologies must harmonize business goals with ethical responsibility and customer trust.

Organizations can utilize the how Netflix has integrated AI into their sales and marketing to create engagement and value while keeping in mind sustainability will rely on responsible, transparent and a customer-centric approach.