

# MARKETING IN THE ERA OF ARTIFICIAL INTELLIGENCE

Dr.Devi Premnath, Associate Professor , Jansons School of Business, Coimbatore

## Abstract

Till yesteryears marketing revolved around mass marketing. The focus on marketing as a domain was primarily only on reaching the customer and disseminating information about the brands and the products. Advertisements and other promotion methods practically imposed the products on the customers. Customers were left with limited choices, the result; customers had to compromise on their purchase decisions and finally zero down on the products or the brands available. Here the question that remains unanswered is whether the customers are really satisfied with the products? Or is it that marketing is all about imposition rather than satisfaction.

The world is going through a phase of digital transformation and so is marketing and its practices, Artificial intelligence in its new avatar is bringing about a paradigm shift in the marketing practices. From clouding, the digital world has moved towards data, which is the epicentre of any AI applications. AI uses many data related applications .The predictive analysis weaves in innovative marketing strategies that helps and assist the contemporary customers in the purchase journey. Every interaction of a customer with a product or service is utilised by the data driven market for the future optimisation. This paper highlights how the business houses embrace AI and its applications for enhancing the marketing experiences of a customer. The subsections of AI namely the deep learning, machine learning are bringing about a metamorphosis of the modern markets

## Keywords

Artificial Intelligence, Predictive analysis, Customisation

## 1. Introduction

### 1.1. The millennial consumer

Is your business millennial friendly? Much is talked about the millennial customers. Being the

largest generation all over the world, they do have a say in the success of modern businesses. This generation so called “digitally indigenous” have grown up with digital devices and the notion of digital package where communication, entertainment, education and socialisation are all packed into one. The e world has ever been pampering them with their simplified and much customised services. Though stamped as hyper social on social media platforms, in reality the sociability index and offline socialisation has come down. The omnipresence of the e-markets has brought about a change in the purchase pattern as well. The decision are no longer family oriented , or neighbourhood oriented , people seek the world for global reviews and opinions for rationalising their purchases .This has sent a message to the business house that they cannot take these digital driven nerds for a drive.

### 1.2. Consumer psychology and markets – A metamorphosis

The competitive environment makes it imperative for the companies to study the consumer psychology. The traditional practices had a mass appeal in their approach. The non-personalised mode of communication was employed for engaging and reaching the customers. Mass marketing worked, as mostly the markets were monopolised by the then giants’ .The reach of the products were considered the most important parameter till yesterday. Since there were very little options the consumers had to pick from whatever were meant so. The scenario has changed. The modern markets are in a stage of metamorphosis. The market’s monopoly platform has given way to a mega-monopolistic platform were all the products has an equal chance of being selected .The consumers are the king now they have options and that too plenty in number.

The internet commerce, cloud based markets brought in a transformation. The Social marketing campaigns added strength to the digital revolution in the domain of marketing. The consumers, mainly

the millennial generation are data thirsty and they look in for valid information even for an insignificant purchase exercise. The social media bombards information to them and in most of the cases they tend to skip past flagrant marketing campaigns, they do not prefer watching the advertisements on TV and neither do they click online ads and study the inside content nor do they feel flabbergasted by the information hype that the marketer are trying to get past them.

## 2. Review of literature

According to Ilya Katsov (2017)<sup>1</sup> introduction to Algorithmic Marketing is a comprehensive guide to advanced marketing automation for marketing strategists, data scientists, product managers, and software engineers. It summarizes various techniques tested by major technology, advertising, and retail companies, and it glues these methods together with economic theory and machine learning.

Israeli, A., & Avery, J. (2017)<sup>2</sup> in their article states that predicting consumer taste with big data puts light on the fact on how companies are using big data and predictive analytics to sell existing products and develop new ones. The algorithmic modelling is used to help companies predict and plan for future consumer demand for their products.

James Cannella (2018)<sup>3</sup> analyses the impact of artificial intelligence on micro and macro levels. The author is of the opinion that marketing currently represents the fourth largest use case of AI concerning resources spent and it is the sixth largest industry adopter of AI technology, with around 2.55% of the total industry having invested in it.

Nguyen, M. (2020)<sup>4</sup> the article titled "How artificial intelligence and machine learning produce robots that we can talk to" highlights the how chatbots currently operate through a number of channels, including web, within apps, and on messaging platforms. The author also states that the companies now have the capacity to work across the spectrum from digital commerce to banking using bots for research, lead generation, and brand awareness. An increasing amount of businesses are experimenting with chatbots for e-commerce, customer service, and content delivery.

## 3. AI and the paradigm shift

Artificial intelligence is often associated with algorithms, systems, machines, coding and optimisation. AI has ever tried to mimic human intelligence. AI's reliance on NLP, machine learning and neural networking has enabled them to learn the complex external data with utmost accuracy and provides valuable insights to the business houses. The data are amassed through pin interest boards, handwritten notes and similar social interactive platforms. The data analytics recognises a pattern in the transactions and projects a model which is very accurate compared to their human counterparts

### 3.1. Adopting AI

The first step in the adoption of AI is the data mining. The data is collected meticulously from all possible sources. The resulting data that has been collected is termed as the big data. The big data is then analysed for patterns and correlations with the help of machine learning. The analyses thereby give insights to the marketers about their customers, market and their competitors.

### 3.2. The AI marketing methodology

AI marketing activity is mainly carried out in three stage namely; Categorisation, Automation, Augmentation. For performing all the above stages in the best of manner one has to create a very interactive website. The website is the gateway and with the natural language processors, ML algorithms and robotics the plethora of data is converted into useful information.

- **Categorisation**

The AI tools namely the deep learning helps in categorisation of customers. The categorisation is mainly based on market segmentation and behavioural study. The behavioural categorisation is mainly based on the demographic and cultural indicators. The ML algorithms select a market segments and scans each and every customers in the segments. AI then segments the customers into homogenous groups. After the stratification each customer in the segment is subjected to a demographic and behavioural study. This helps in lead marketing and helps in predicting the future purchase behaviour of the customers.

- **Automation**

After categorisation, the marketers get an idea of their potential customers' .Now the impending task of interacting with the customers becomes the challenge of the marketers. AI comes into full play in this stage. The customer interactions and building a CBBE model is done by using AI tools. A deep learning algorithm carries out extensive scheduling and management of the marketing workforce. The chatbots shift the focus from the human interaction to an automated machine interaction. The advantage- any time you are in a website searching for information you have the chatbot to assist you thus giving you a better and an improved purchase experience. The bots are digitally clever and they can interact and cater to many customers at the same time.

- **Augmentation**

After the automation stage AI focuses on the augmentation process to bring in customer delight. Augmentation involves a set of hyper activities employed by the companies through which the companies not only sell their products but also establishes an emotional connect with the customers. To start with, tools like beacons and bots helps in augmenting the workforce effectiveness at the retail platforms and make the stores more approachable for the customers. The virtual assistants like the Siri, Alexa, and Google assistance also offers a closer and a quicker interaction with the customers.

AI's augmentation process is much portrayed in promotion and advertising of the product. After the categorisation it becomes easy to season the customers with the right mix of interactive marketing communications. The AI ads rely on audio messages and direct voice based messages with the customers. The AI pairs with the virtual assistants whenever a related search is made by the customer. The assistants through monetised services would advise the customer on a particular brand or products. Sometime the virtual assistant can customise the target messages due to the deep knowledge and the emotional connect that these assistants have with the customers. These services results in creating an augmented marketing experience for both the customer and the marketer.

### 3.3. Future of AI applications

Recent brand news buzzed how companies like Google, Microsoft are undergoing a business process reengineering to focus on artificial intelligence. They have increased the AI applications in all the user platforms. Alibaba, Tencent, Facebook and Amazon are using the core technologies of AI for increasing the customer engagements and better management of their chatbots and robots .

The future of marketing depends on how fast AI evolves .Future markets and companies are in the quest of improving the different dimensions of marketing. The paradigm shift in the marketing of late can be attributed to the dependence and evolution on these phenomenon of AI.

One of the recent trend that is gaining popularity is the concept of deep reasoning. Deep reasoning is an advanced version of deep learning. Deep learning works on predefined relations. This is the same concept that we employ in all research where the relations between the different variables are predefined or assumed and then we try to prove for or against it. Deep reasoning is independent of predefined hypothesis or assumptions, they help the machines not only learn from the data which provide these machines knowledge insights, but helps them to use this knowledge in such a way that they can act with complete autonomy. For example the chatbots using the deep reasoning algorithm doesn't need human interventions .They sense the pattern and they use the knowledge to take decisions and they also take actions if necessary. Far are not those days where our purchase decisions will not only be influence by AI but our purchase decisions will be completely dominated by AI

In the area of new product development and new strategic development also this faculty (deep reasoning) of AI is increasingly used .The deep reasoning through predictive analysis can sketch the trend and pattern of human behaviour and is in a position to forecast the future needs and demands.

### 3.4. What next....

With these breakthroughs AI is slowly gaining super human capabilities. This will make human interaction in some realms of marketing obsolete. The life styles of human beings are likely to change

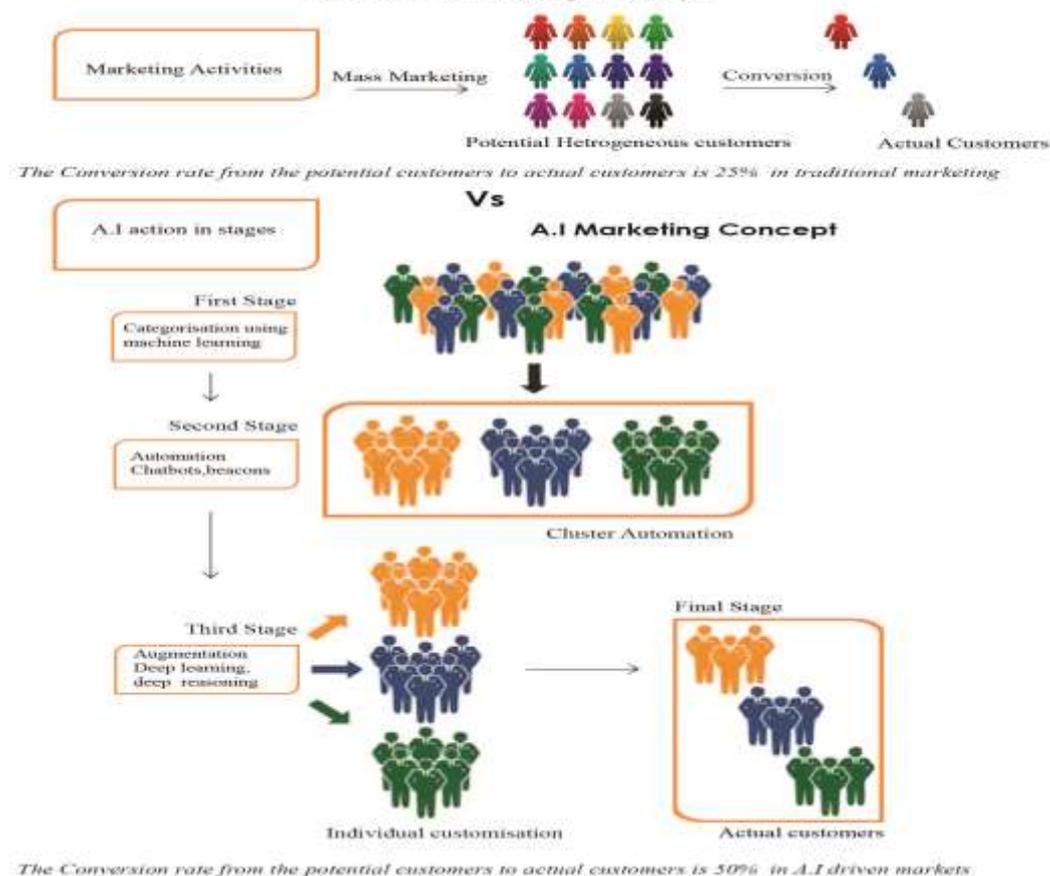
and we can see more involvement of machines in our day to day life. The most common and the perplexing question that arises on the topic of AI is whether they will take over humans in the marketing arena? Though some gurus are of this opinion, the underlying truth is that marketing is a people's job where interpersonal relations are given paramount importance AI powered services seem to lack compassion and the emotional quotient while interacting with customers.

AI will surely result in making jobs out dated but at the same time there will be a transformation in the type of jobs that we do. The break through

revolution will offer new employment opportunities to replace the old ones .The stage from categorisation to augmentation has been successful in reducing the gap between machines and the human counterparts but not completing disrupting our positions.

These new developments will have quite an impact on future marketing practices. The changes in technology will lead to changes in consumer behaviour which will leave the marketers and the companies to redefine and negotiate between the hairline boundaries of man and machine.

**CONCEPTUAL FRAME WORK : The Paradigm shift In Marketing - A.I Driven**



**References**

1. Ilya Katsov (2017) Introduction to Algorithmic Marketing : Artificial Intelligence for Marketing Operations, <https://dl.acm.org/doi/book/10.5555/3203772>
2. James Cannella (2018) Artificial Intelligence In Marketing, Honor thesis for Barrett, pp 19, Spring 2018, [http://www.jamescannella.com/wpcontent/uploads/2018/04/Cannella\\_J\\_Spring\\_2018.pdf](http://www.jamescannella.com/wpcontent/uploads/2018/04/Cannella_J_Spring_2018.pdf)
3. Israeli, A., & Avery, J. (2017, July 10). Predicting Consumer Tastes with Big Data at Gap (Tech. No. 9-517-

- 115). Retrieved February 14, 2018,  
from Harvard Business School  
website.
4. Nguyen, M. (2020, January 28). How  
artificial intelligence & machine  
learning produced robots we can talk  
to. Business Insider  
[https://www.businessinsider.com/chat-  
bots-talking-ai-robot-chat-  
machine?IR=T](https://www.businessinsider.com/chat-bots-talking-ai-robot-chat-machine?IR=T)

Journal of Engineering Sciences