Artificial Intelligence: Redefining Marketing Management and the Customer Experience

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ABSTRACT

As marketers and consumers simultaneously adopt artificial intelligence (AI) services and applications, the dynamic of the process of exchange between the buyer and seller in the marketplace is being fundamentally altered. This article reviews the emerging patterns of adoption and rates of diffusion of AI applications by both marketers and consumers. On the marketers’ side the authors will address the single most defining phenomenon that is affecting the marketer’s role and function in the marketing process: the exponential increase in the number, variety and capability of marketing applications, platforms and services that perform, control, influence and/or integrate virtually every marketing task and decision.

KEYWORDS

Consumer Assistant, Data Mining, Data Science, Machine Learning, Marketing Applications, Marketing Automation, Marketing Technology, Predictive Analytics, Reputation Management, Virtual Personal Assistants (VPAs)

INTRODUCTION

As marketers and consumers simultaneously adopt Artificial Intelligence (AI) services and applications, the dynamic of the process of exchange between the buyer and seller in the marketplace is being fundamentally altered. Initially the Internet and then social media radically altered the differential advantages held by marketer and consumers in the marketing game. Traditionally, marketing was something done to the consumer. Products were pushed. Communication was one-way and intrusive. Commercial messages were brief, designed as much to entertain as to inform and often provided the consumer with little more than a catch phrase in the guise of a slogan or jingle. With the advent of the Internet and emergence of social media, the communication pattern of the marketing game expanded from strictly “outbound” with the marketer “targeting” the customer and doing all the talking, to include “inbound,” wherein the consumer searches, contact and transacts with the seller. Consumers can now find (via Google) and buy (via Amazon) most anything, anytime, anywhere. The “word from our sponsor” matters much less than the recommendations of friends, family or other customers. Marketers no longer can simply buy consumers’ interest or patronage; it must be earned. However, as significant and swift as this change has been (given that social media is but a decade old), arguably...
a much greater change is now upon us with the advent of AI. As marketers and consumers begin to fully avail themselves of the services and advantages that AI agents and applications proffer, the nature and process of marketing is being fundamentally altered. In the broadest sense of the term artificial intelligence, “as a type of computer science focuses on creating systems that automate “intelligent” processes - human-esque tasks like decision making, problem solving and learning. Basically, AI enables computers to do things that – without it – require human intervention” (Refaat, 2017).

This paper will review the emerging patterns of adoption and rates of diffusion of AI applications by both marketers and consumers. On the marketers’ side the authors will address the single most defining phenomenon that is affecting the marketer’s role and function in the marketing process: The exponential increase in the number, variety and capability of marketing applications, platforms and services that perform, control, influence and/or integrate virtually every marketing task and decision. Defined by Scott Brinker (2017), as the Marketing Technology (MarTech) Landscape, there are now more than 5,000 of these “technology solutions” that are classified and delineated across the functional domains, such as advertising and promotion, content and experience, social and relationships, commerce and sales, data, and management.

Brinker began monitoring the emergence of marketing technologies and related software products in 2011 when the first Marketing Technology (MarTech) Landscape infographic was published with 150 services identified. In 2015, the number grew to 2,000. In 2016, it nearly doubled to the 3,500 mark. The final statistic for 2017 was 5,381 solutions from 4,891 unique companies, up 40% over the previous year.

Commensurate with the dramatic growth in marketing technology services and applications have been increased levels of interest, adoption and expenditure. Since 2015 (when $5 billion was spent on cognitive/Al software capabilities) there has been an ongoing exponential increase in expenditures with investment projected to reach $19.1 billion in 2018 and forecast to grow at a compound annual growth rate (CAGR) of 46.2% to $52.2 billion by 2021 (IDC, 2018).

The speed of AI innovation and adoption is at unprecedented levels, companies are finding significant competitive advantage in their ability to leverage knowledge from data to augment sales and accelerate the company’s ability to improve employee performance and the customer experience (Afshar, 06/15/2017). Indeed, considering cloud-based app use alone, one finds that retail, hospitality, manufacturing and financial enterprises are employing over 1,000 apps with marketing registering as the leading business function in number of apps per enterprise (Kleiner-Perkins, 2017). In a 2017 survey of more than 10,000 HR and business leaders across 140 countries, 41% stated they “have fully implemented or have made significant progress in adopting cognitive and AI technologies within their workforce. Another 34 percent of respondents have launched pilot programs” (Abbatiiello et al., 2017).

The conventional expectation regarding this increased uptake of artificial intelligent applications in the workplace is increased employeedisplacement and unemployment. However, contrary to popular perception, “…only 20 percent of business executives said they would reduce jobs at their companies and most (77 percent) said they would either retrain their employees to use new technology or would redesign jobs to better take advantage of their employees human skills…” (Abbatiiello et al., 2017).

Indeed, many observers of the increasing integration of AI technologies into the company workflow come to regard the consequence not one of replacement but rather one of augmentation. In their 2018 book, Human + Machine: Reimagining Work in the Age of AI, Daugherty and Wilson perceive that “companies are now reaching a crossroad in their use of AI” which they define as “as systems that extend human capability by sensing, comprehending, acting, and learning.” Rather than conceptualizing its application in the same manner as in the industrial revolution when machines automated and optimized assembly lines and standardized workflow processes, greater benefit can be realized by augmenting human capability and re-imagine workflow processes across all functions of the company:

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