Chapter 1

Transformative Power of Smart Technologies Enabled by Advances in AI: Changing Landscape for Digital Marketing

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ABSTRACT

The internet has transformed the landscape in the field of marketing and consumer behaviour in the last two decades, enabling unprecedented reach to the consumers for marketers, inducing low costs in general, providing opportunities to analyse interactions and facilitating the development of novel strategies in digital marketing. As the information age is maturing, it is entering a new era of the fourth industrial revolution where internet’s reach is coupled with the smart technologies powered by AI, cloud-based scalable infrastructure, sensor infusion harvesting an ever greater amount of data. The consumer demands and preferences are ever more sophisticated. In this context, the digital marketing field will go through a period of tremendous change, where established norms and practices will no longer serve the purpose of attracting and engaging consumers. A thought experiment is discussed using a persona for the effectiveness of existing digital marketing models. Further, a concept of swarm marketing using AI has been also discussed.

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DIGITAL MARKETING: BRIEF INTRODUCTION

According to Merriam-Webster ("Marketing | Definition of Marketing by Merriam-Webster," 2019), marketing is defined as, “the process or technique of promoting, selling, and distributing a product or service” and Encyclopaedia Britannica (Grayson, Kotler, & Hibbard, 2019), defines it as, “the sum of activities involved in directing the flow of goods and services from producers to consumers”. There is an interesting notion of emphasis in both definitions, pointing the reader to “process” or “sum of activities”, referring to enablers, structures, and mediums used in specific ways to bridge the gap between the point of production of goods and services and delivery to consumers. In the context of managing digital marketing interactions, Chaffey & Ellis-Chadwick (Chaffey & Ellis-Chadwick, 2019) coin the term of ‘5Ds’: Digital Devices, Digital Platforms, Digital Media, Digital Data, Digital Technology – differentiating the digital marketing from the general marketing terminology. Digital Devices are referred to smartphones, computers, smart watches, digital assistants e.g. Apple Siri and range of other devices such as cloud-based sensors and internet of things – e.g. Amazon Alexa controlled toaster or ambient lighting and music system in the living room. Digital Platforms include the customer interaction captured currently mostly through browser and apps, for example when consumers use online services, either in-house built or provided by service providers e.g. Google, Facebook, Salesforce, Apple, Microsoft, and Amazon. Digital Media referred to communication channels e.g. email, search engines, and social networks. Digital Data is increasingly becoming important, the data businesses collect when interacting with consumers, clients, potential customers, and other related stakeholders to build user profiles and develop insights, increasingly coming under legal and social scrutiny. Digital Technology refers to marketing technology used to create interactive experience cohesively. Chaffey & Ellis-Chawick (ibid.) define digital marketing as, “ Achieving marketing objectives through applying digital media, data, and technology”. The businesses have been using Email Lists, Telemarketing, Digital Television, Online Chats, Informational websites, AdWords, Searches and Social Media for digital marketing for several years and in some cases over the last few decades (Tiago & Veríssimo, 2014). The adoption and application of these technologies have matured, and techniques and processes are well understood from a marketing perspective. For example, the shift from the push-based marketing strategies, traditionally relied on broadcast media to passive listeners or viewers to pull-based marketing strategies where consumers pull information beneficial to them (Court, Elzinga, Mulder, & Vetvik, 2009), in some cases become brand ambassadors and create a cluster of digital communities around products and services, they are passionate about - the digital marketing at its best. However, the shift from passive consumption of content to active participation in generating the content and, increasingly co-creating the content, influencing development and growth of products and services and the ways marketed and delivered have opened new opportunities and challenges. To understand how businesses, leverage and potentially could enhance the customer interactions and experience, the technological and digital trends are discussed in the next section leading to developments in artificial intelligence and implications for digital marketing.

INDUSTRIAL REVOLUTION AND DIGITAL TRENDS

The technological revolution is on the brink of today’s life and will fundamentally alter the work we do and the way we live. The predictive transformation would be like anything which humankind would have never experienced due to its complexity, scope, and scale. The mystery of how it would unfold the