ROLE OF ARTIFICIAL INTELLIGENCE IN MARKETTING

**Artificial Intelligence is Revolutionizing Marketing**

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# background

*Artificial intelligence (AI) has started transforming every aspect of our professional and personal lives. The marketing industry is not immune to this digital transformation, with leading brands starting to embrace the opportunities the technology brings. Gaining a better understanding of customer behavior is one of the core benefits of AI in marketing.*

*For years, marketers have gathered and analyzed data about customer behavior. Their goal has remained largely unchanged — extrapolate patterns and predict which products and services will be most popular with a certain audience. From that basis, marketers would then identify the channels to reach their target customers.*

*AI is giving marketing professionals an essential advantage in this quest. This fast-evolving digital technology can analyze more data more accurately than humans can. AI and its subfields, such as machine learning (ML), also identify existing behavioral patterns and predict future behavior based on that.*

Artificial intelligence (AI) is a set of technologies that enable computers to perform a variety of advanced functions, including the ability to see, understand and translate spoken and written language, analyze data, make recommendations, and more.

Machine learning is a branch of artificial intelligence (AI) and computer science which focuses on the use of data and algorithms to imitate the way that humans learn, gradually improving its accuracy.

Artificial intelligence (AI) is reshaping the marketing landscape, bringing significant transformations to both professional and personal spheres of our lives. Marketing is no exception to this digital revolution, as leading brands are increasingly leveraging AI's potential to enhance their strategies. One of the core benefits of AI in marketing is gaining a deeper understanding of customer behavior. By analyzing vast amounts of data with remarkable accuracy, AI and its subfield, machine learning (ML), can identify behavioral patterns and predict future customer actions.

# The growing role of AI in marketing

*In 2020, the market for artificial intelligence technologies in marketing was valued at just over $12 billion. While that may seem impressive, it pales in comparison with the global AI market, which was valued at over $325 in 2021. However, the current market size does not reveal the true potential of marketing-related AI. That only becomes clear by considering growth predictions.*

*According to experts, the market for AI in marketing will exceed $35 billion next year, nearly tripling in size in only four years. Another four years later, in 2028, industry insiders believe that this area of the marketing industry will have tripled once again. Statisticians expect that marketers will utilize AI to a value of nearly $108 million before the end of this decade*

Although the market for AI technologies in marketing was valued at over $12 billion in 2020, it represents only a fraction of the global AI market, which surpassed $325 billion in 2021. However, growth predictions paint a promising picture for AI's influence in marketing. Experts anticipate that the market for AI in marketing will exceed $35 billion within the next year, nearly tripling its size in just four years. Furthermore, by 2028, this sector of the marketing industry is expected to triple again, reaching a value of nearly $108 million before the end of this decade.

# How marketers are using AI today

*How realistic are those expectations? Consider this: as of last year, four of five marketing industry experts said they had already included some form of AI technology in their work. When asked to identify the areas in which AI and ML were already enhancing campaigns, marketing professionals named benefits in several areas:*

* *Automation of repetitive tasks*
* *Analysis of large quantities of data*
* *Personalization of campaigns*
* *Predicting conversion rates*
* *Optimizing the timing of email marketing*

*Most of those areas benefit the current leading application of AI technology in marketing — programmatic advertising. A recent survey found that 50% of participating marketing professionals named more targeted advertising as one of the main advantages of integrating AI and ML in their approach.*

The adoption of AI technology in marketing is already widespread. Four out of five marketing industry experts have integrated some form of AI into their work, indicating its practicality and relevance. Marketers are reaping the benefits of AI and ML in various areas:

**Automation of repetitive tasks:** AI streamlines marketing processes by automating repetitive tasks, such as data entry, analysis, and reporting. For example, AI-powered chat bots can handle customer inquiries and provide personalized recommendations, freeing up human marketers' time to focus on more strategic activities, fostering creativity and innovation.

**Analysis of large quantities of data:** With AI's ability to analyze vast amounts of data efficiently, marketers can gain valuable insights that were previously inaccessible or time-consuming to obtain. AI algorithms can process customer data from various sources, such as social media, website interactions, and purchase history, to identify trends, preferences, and patterns in customer behavior. These insights enable marketers to make data-driven decisions, optimize campaigns, and deliver personalized experiences that resonate with their target audience.

**Personalization of campaigns:** AI enables marketers to personalize campaigns on a granular level by understanding individual customer preferences and behavior. By utilizing AI algorithms, marketers can deliver tailored messages, offers, and recommendations to each customer segment. For example, an e-commerce platform can use AI to analyze customer browsing and purchase history to recommend relevant products, increasing the likelihood of conversion and customer satisfaction.

**Predicting conversion rates:** AI and ML algorithms can analyze historical data to predict the likelihood of customer conversions. By understanding the factors that drive conversions, such as demographics, past behaviors, and campaign interactions, marketers can optimize their campaigns, allocate resources effectively, and enhance overall marketing performance. For instance, an AI-powered predictive model can identify which customers are most likely to convert and prioritize marketing efforts accordingly, leading to higher conversion rates and improved ROI.

**Optimizing the timing of email marketing:** AI helps marketers determine the most opportune moments to deliver marketing emails based on customer behavior patterns. By analyzing past email open rates, click-through rates, and conversions, AI algorithms can identify the optimal timing for email outreach. This ensures that emails reach customers when they are most receptive, increasing the chances of engagement and conversion.

# How AI enhances programmatic advertising

*Placing the right adverts in front of the right customers at a time when they were receptive to this content used to be a painstaking process. Machine learning algorithms have allowed marketers to automate buying and selling digital advertising space.*

*Once programmed, the ML algorithms are not static. They mimic human behaviors, including learning. In practice, the algorithm 'understands' whether an advert has missed or exceeded expectations and learns from this outcome. There is no need for additional human intervention. The algorithm, or the machine, learns without additional input simply by analyzing results and iterating its approach.*

*Marketers and the brands they represent benefit from improved targeting of specific audiences with customized messages. As a result, conversions grow, and advertising spends more efficiently. Programmatic advertising platforms work by analyzing quantities of data that would overwhelm humans.*

*These platforms cannot only compute data about user behavior, website analytics, and demographic information. They also see trends and patterns before humans can. Marketing professionals can then use those insights to make their content more relevant, increasing the likelihood of customer engagement. Plus, marketing algorithms can optimize ad placement and bid pricing.*

Programmatic advertising, an automated approach to buying and selling digital ad space, greatly benefits from AI technology. AI-powered algorithms continuously optimize ad placement, targeting, and bidding. These algorithms simulate human behavior and learn from campaign outcomes, improving their performance over time. Programmatic advertising platforms equipped with AI can process and analyze vast quantities of data, including user behavior, website analytics, and demographic information. This enables marketers to identify trends, target specific audiences more precisely, and deliver personalized messages, leading to increased conversions and more efficient advertising expenditure.

# Understanding AI-related concerns in marketing

*Like most powerful technological developments, AI has raised some concerns in the industry. In addition, marketers starting to invest in AI technology are dealing with unanswered questions as the technology continues evolving at great speed. Two of the main concerns relate to customers and marketers themselves. These concerns are privacy, data protection and job security in the industry.*

*Protecting privacy — AI and ML rely on access to large quantities of customer data to recognize patterns and predict potential behavior. Despite their far-reaching capabilities, these technologies cannot self-police. They will analyze any data fed to them. Marketers need to ensure that their data collection and usage practices are not only ethical. They must also comply with current privacy and data protection legislation, such as the European Union's GDPR or the California Consumer Privacy Act (CCPA).*

*Job security for marketers — Job security for marketers is another concern about the growth of AI-based applications. Most recently, these concerns have been discussed in connection with OpenAI's ChatGPT software. Granted, it is not possible to predict entirely where the marketing industry is headed, but most experts believe that AI and ML will change existing jobs rather than replace them. Marketers can work more efficiently and effectively to benefit the brands they represent. Their daily routine may change, but it is unlikely that robots will replace human marketers anytime soon.*

While AI brings immense opportunities, it also raises concerns within the marketing industry. Two primary concerns involve customer privacy and data protection, as well as job security for marketers.

Protecting privacy: AI and ML rely on access to extensive customer data to recognize patterns and predict behavior accurately. Marketers must ensure ethical data collection and usage practices while adhering to privacy and data protection regulations, such as GDPR and CCPA. Safeguarding customer privacy and maintaining data security is essential for building trust and maintaining compliance.

Job security for marketers: The rapid growth of AI-based applications has led to apprehensions about job security for marketers. However, experts believe that AI will transform existing marketing jobs rather than replace them entirely. Instead of replacing human marketers, AI enhances their capabilities by automating repetitive tasks, providing valuable insights, and facilitating more efficient decision-making. Marketers can focus on creative and strategic aspects of their work while collaborating with AI to achieve better outcomes.

# Final thoughts

*While AI has the potential to transform the marketing industry as we know it almost beyond recognition, the technology is not here to replace human marketers. Instead, AI and ML can optimize and streamline current marketing approaches.*

*Both technologies can also take care of repetitive tasks, allowing their human team members to focus on what they are best at and develop creative campaigns that engage more customers than ever before.*

While AI has the potential to reshape the marketing industry, its purpose is not to replace human marketers but to optimize and streamline existing marketing approaches. By leveraging AI's capabilities, marketers can automate mundane tasks, analyze vast data sets, and deliver personalized campaigns that engage customers more effectively than ever before. The symbiotic collaboration between humans and AI technology will define the future of marketing, enabling marketers to unleash their creativity while benefiting from AI-driven efficiency and insights.