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The Dark Side of the Halo – Implications of the Horn Effect for the Management of Business-to-Customer Relationships in the Context of Artificial Intelligence

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1. Introduction

The establishment and maintenance of long-term business-to-customer relationships has become a considerable complement to the traditional marketing approach that is essential in today's economic research and practice (Hadwich 2003; Finch et al. 2015; Bruhn 2016; Grönroos 2017; Luu 2019). Especially in the context of services, which implies a high level of human and emotional interaction, the management of business-to-customer relationships is a crucial task for companies (Bruhn 2016). This task becomes even more important with regard to the ongoing digitalization of society and economy. As the service industry can be seen as pioneering when it comes to utilizing new technologies (Amorim et al. 2019), service systems tend to evolve into “increasingly digitalized and networked co-production environments where employees, customers and technology engage in rich interactions to deploy outputs and create value” (Amorim et al. 2019, p. 1145). Hence, service-bound interactions become more and more complex due to technical progress, and marketers are challenged to find innovative solutions in order to face this growing complexity.

Concerning this matter, *Artificial Intelligence (AI)* can function as a powerful marketing tool because it influences the way a key element in terms of services – information – is handled (Kumar/Reinartz 2016; Amorim et al. 2019; Overgoor et al. 2019). Thereby, the term *marketing AI* denotes “the development of artificial agents that, given the information they have about consumers, competitors, and the focal company, suggest and/or take marketing actions to achieve the best marketing outcome” (Overgoor et al. 2019, p. 157). Thus, by the use of AI, prediction and decision processes can be configured more efficiently, leading to improvements of – digital as well as analogue – service performance (Agrawal et al. 2019; Overgoor et al. 2019).

Whether focusing on analogue/offline or digital/online service settings, “the human need for relationships is universal, and psychological mechanisms that enable and promote the development of relationships are the same in both [...]” (Steinhoff et al. 2019, p. 370; see also Kozlenkova et al. 2017). Thus, in order to effectively manage and control business-to-customer relationships with the aid of new technologies such as AI, considering these psychological influence factors seems fruitful. Nevertheless, since relationships are more strongly impaired by negative incidents (Baumeister et al. 2001), it seems inevitable – and possibly even more important – that psychological mechanisms with the potential to hinder the evolvement of relationships are also taken into account.

A psychological phenomenon with influence on the development of attitudes and, therefore, effecting a key element of business-to-customer relationships (Spears/Singh 2004; Chang/Chieng 2006; Bruhn 2016), is the *halo effect* (Jin/Lee 2019). It describes a cognitive bias that basically functions to simplify human evaluation processes (Forgas 2011).