

Redefining Marketing While Advancing on the Path to AI Innovation, Better Assessing AI Model Performance

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Abstract

Now is the real moment to consider the top priority represented by AI integration into marketing, better supporting marketing budget allocation to AI tools by demonstrating tangible results' delivery. It is essential to look at the impact of GenAI usage on marketing, the associated risks, and differences in capturing value from this disruptive technology between GenAI high performers and other businesses regarding difficulties experienced with different elements. AI becomes more and more a subject of focus, thoroughly understanding customers' expectations, blending the right technology and expertise in ensuring AI-powered solutions' implementation, also paying attention to customers' worries related to authenticity and trust. We are witnessing marketers' struggling to do much more to bridge the AI-human gap in CX, while advancing on the path to AI innovation and better assessing AI model performance.

Keywords: Marketing Redefinition, AI Integration, AI Innovation, AI Model Performance, CX

JEL Classification: D83; L81; L86; M15; M31; O32; O33

The top priority represented by AI integration into marketing, better supporting marketing budget allocation to AI tools by demonstrating tangible results' delivery

At the beginning of May this year eMarketer (Voss, 2024) underlined the top priority represented by AI integration into marketing, showing what Capgemini survey revealed with regard to CMO's need to approach proactive innovation and experimentation, preparing their teams to valorize AI capabilities (while combining them with human intelligence and empathy). It was also made reference to the importance of ROI measurement in context of AI adoption, better supporting marketing budget allocation to AI tools by demonstrating tangible results' delivery.

According to BCG experts (Scarpa, Leon and Pérez Moïño, 2024), marketing is increasingly disrupted by AI and GenAI (which are determining the improvement of marketing processes' automation and optimization, marketing campaigns' efficiency and effectiveness, and CX), as well as by cloud architecture (improving companies' data storage, including based on AI solutions), consumer data economies (as digital ecosystem generating unique insights supporting strategic decisions and serving the creation of valuable sources of revenue), and omnichannel (the large number of touchpoints providing marketers with sales and engagement opportunities while navigating in this complex environment). The globally recognized cloud Amazon Web Services (AWS) will become, for instance, more attractive for startups (as cloud infrastructure choice) looking at developing GenAI models in order to vigor not only startups' products, but also their apps and services (Wiggers, 2024). That will be achieved due to approx. \$80 million investment in Amazon's second AWS GenAI Accelerator program (the presenting partner being Nvidia), impacting accordingly the way of learning, connecting, and doing business (the startups being invited to also join the Nvidia Inception program) based on new AI applications.

With regard to what is happening in the cloud with AI security and privacy, it is also worth mentioning that Apple Intelligence created a pioneering cloud intelligence system – so-called Private Cloud Compute (PCC) – providing clear benefits to Apple devices' users concerning their personal user data (Apple Security Research, 2024). In this PCC system personal user data (which are necessary to users' request fulfilling) leaves no trace.

The impact of GenAI usage on marketing, the associated risks, and differences in capturing value from this disruptive technology between GenAI high performers and other businesses regarding difficulties experienced with different elements

As priorly shown by McKinsey & Company (2023) it was really need to consider including GenAI impact (because of its ability in natural language patterns' prediction) on knowledge work, customers service and sales being, for example, one of the occupation groups brought to our attention from this point of view. They underlined businesses focus on

applications' continuous development in order to deal with specific use cases, such as: marketing (text as modality, application – *Content writing*), customer service (text as modality, application – *Chatbots or assistants*), web search made more natural (text as modality, application – *Search*), sales (text as modality, application – *Analysis and synthesis*). Of course, as it is important to ensure the delivery of most value by these specific use cases, it is necessary to make the use cases' identification for each industry. For example, in case of retail and consumer-packaged-goods (CPG) industries it is recommended to consider various functions as follows: consumer research (that can be accelerated by testing scenarios; also, customer targeting can be increased by creating AI-driven avatars or bots miming human customer interactions to practice with), AR-assisted customer support (the workforce being in real time informed on this basis about the status of both products, and consumer preferences), AI-powered writing assistant for marketing content creation, and increased procurement suppliers process (based on improved negotiation with the help of draft playbooks). From each GenAI use case (suggested by McKinsey research) it was anticipated no less than a moderate impact, marketing and sales leaders being most intense about four aspects (qualified leads' identification in real time based on customer trends, marketing optimization based on A/B testing and SEO strategies, prospects' reaching out by making them feeling as having a tailor-made user experience with the help of chatbots and virtual assistants, and dynamic content delivered by websites and marketing collateral).

Recently, Singla et al. (2024) showed how the findings of the latest McKinsey Global Survey on AI revealed the doubling of regularly GenAI usage compared to the prior survey last year, being expected major shifts in the industries in the coming years, material benefits from this usage being already seen. It is worth mentioning that within marketing and sales function were the most commonly reported GenAI use cases (content support for marketing strategy, personalized marketing, and sales lead identification and prioritization). The findings of the above-mentioned survey also revealed other significant aspects, as follows: the various risks (data management risks, model management risks, and security and incorrect use) recognized and experienced by businesses using GenAI; some identified archetypes for implementing GenAI solutions (not specially designed solutions, publicly available, used by takers; solutions customized by shapers based on proprietary data and systems; own foundation models developed by makers from the very beginning); in capturing value from this disruptive technology there are some differences between GenAI high performers and GenAI other survey respondents with regard to the elements (data, risk and responsible AI, operating model, technology, strategy, talent, and adoption and scaling) which have posed experienced challenges.

On the other hand, it is important for marketers to understand that key to using AI is to know how to work with it, taking into account how GenAI functions, its models being trained on human data (Lebow, 2024). That means to consider people skills when talking to large language models (LLMs), thinking seriously and being clear while communicating with these models.

AI, a subject of focus, thoroughly understanding customers' expectations, blending the right technology and expertise in ensuring AI-powered solutions' implementation, also paying attention to customers' worries related to authenticity and trust

As shown by Butters (2024), 199 companies from the Standard & Poor (S&P) 500 companies cited AI during their earnings conference calls for the first quarter 2024, 11 being the average number of times the term AI was mentioned on these calls. On the earnings conference calls of 12 companies from the S&P 500 companies at least 50 times was mentioned AI, the top-ranked being Meta Platforms (with 95 mentions), NVIDIA (with 86 mentions), and Microsoft (with 74 mentions). In other words, AI was a subject of focus for these companies (the highest percentage – 91% – being obtained by IT sector, of course).

In the opinion of the CIO at TELUS International (Ringman, 2024) all over the GenAI lifecycle it is necessary to incorporate a HITL approach (teams play an interactive and iterative role in this human-in-the-loop development) and ensure platform's outputs' good assessment in order to proactively identify, address, and reduce organizations' biases and inaccuracies. GenAI models' performance and safety can be improved by blending the right technology and expertise in ensuring AI-powered solutions' implementation, being cautious about where and how to use personalized CX, avoiding customers' disengagement or unsubscribing. What presupposes thoroughly understanding customers' expectations, including by using GenAI-powered A/B testing.

Recent research findings from Oxford Economics in partnership with Adobe (2024) revealed the continuously increasing and at a quick pace customers' expectations for personalized financial experiences (within the financial services and insurance industry), in order to ensure the improvement of marketing productivity and scale financial institutions needing the right AI strategy. More transformative GenAI benefits (from audience segmentation until measuring campaign performance) are expected in the next months by those in charge of their organization in this industry, also considering customers' worries related to GenAI impact on privacy, security, and transparency. It is considered that the integration of AI and cloud computing must be prioritized.

In order to build trust through transparency financial service providers can be enabled by considering within AI integration another critical component like explainability (Orlovsky, 2024). Customer confidence can be encouraged through AI ethical deployment by ensuring a logical basis for the course of action behind decisions. AI fairness complexities involve rigorously addressing specific biases, building adequate models.

According to the CEO (who also leads the global customer & growth practice) of international design consultancy EY Seren (Buchanan, 2024), to the extent that trusted tailored to AI-powered applications' GenAI tools will develop we will see AI2AI business models (as a

result of evolution of D2C business models) necessary to reach enthusiast customers (31% in the EY Future Consumer Index). Personalization and marketing performance can be improved by GenAI, as well as by machine learning (ML), deep learning (DL), robotic process automation (RPA) and other technologies (impacting marketing efficiency and effectiveness). On the other hand, with regard to sceptic customers (21% in the EY Future Consumer Index), marketers will need to rely on through physical touchpoints' longstanding brand values in order to achieve permanent recognition for the necessary authenticity and trust.

Instead of conclusions: *Marketers' struggling to do much more to bridge the AI-human gap in CX, while advancing on the path to AI innovation and better assessing AI model performance*

As priorly shown by Liu-Thompkins, Okazaki, and Li (2022), marketing interactions are continuously transformed by AI technologies, and considering the increasing importance within AI-enabled marketing interactions of the artificial empathy (which from a social interaction perspective is having especially high value) it is necessary for marketers to do much more to bridge the AI-human gap in affective and social CX, without neglecting cognitive and behavioral responses. Beyond their research findings paving the way for artificial empathy integration in marketing interactions, they expressed their belief that: even when AI identity disclosure is made in advance and openly the artificial empathy can reduce the negative reactions of companies' customers; the key to bringing together warmth and competence in an AI agent can be just this artificial empathy.

Of course, feedback must be continuously prioritized, including by building trust internally (Hochman, 2024). The employee experience can be redefined by the strategic imperative of AI integration into the workplace (Saltz Gulko, 2024). And as AI governance landscape is rapidly evolving, it is important to promote both a culture of responsible development, and human-centered design (Thabet, 2024). Also, there is a clear need to better understand the strategic value AI to be delivered by AI in a company, periodically assessing current and future AI needs of a company (Jashapara, 2024). And advancing on the path to AI innovation, AI initiatives need to benefit of a strategic roadmap, while also taking into account technology deployment with minimal risk (Cox, 2024)). You can't afford, for instance, to ignore how GenAI is used by attackers in writing complex email attacks (Britton, 2024).

As underlined by Bloomreach (Edwards, 2024), there is nothing of the kind as the best AI for all companies, their data and their customers, ecommerce leaders, for example, being challenged to better assess which technology fits their use cases, and being recommendable to go beyond request for proposal (RFP) to evaluate AI tools (based on set criteria to decide which software vendors best meet their needs with help of new AI capabilities), and test AI model performance against the so-called golden test set. By adapting it (as collection of test scenarios

curated by human experts) to their businesses ecommerce leaders can make informed decisions regarding an AI model to be deployed (based on the right progress assessment).

Allow us to end by remembering the words of the Thales Group Vice-President of digital marketing and digital transformation: “... *when it comes to the technologies, you need to figure out how to include that in that equation to not have something that is separate... how you deal with managing first the people that you have... making sure that when you integrate and when you implement technologies to be part of the equation... so you preserve a form of integrity between the interaction of the people and between the integration that the technologies are with those people. So this is something to look at case by case, and this is a bit of a science, but also a bit of an art*” (Mann, 2024).

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