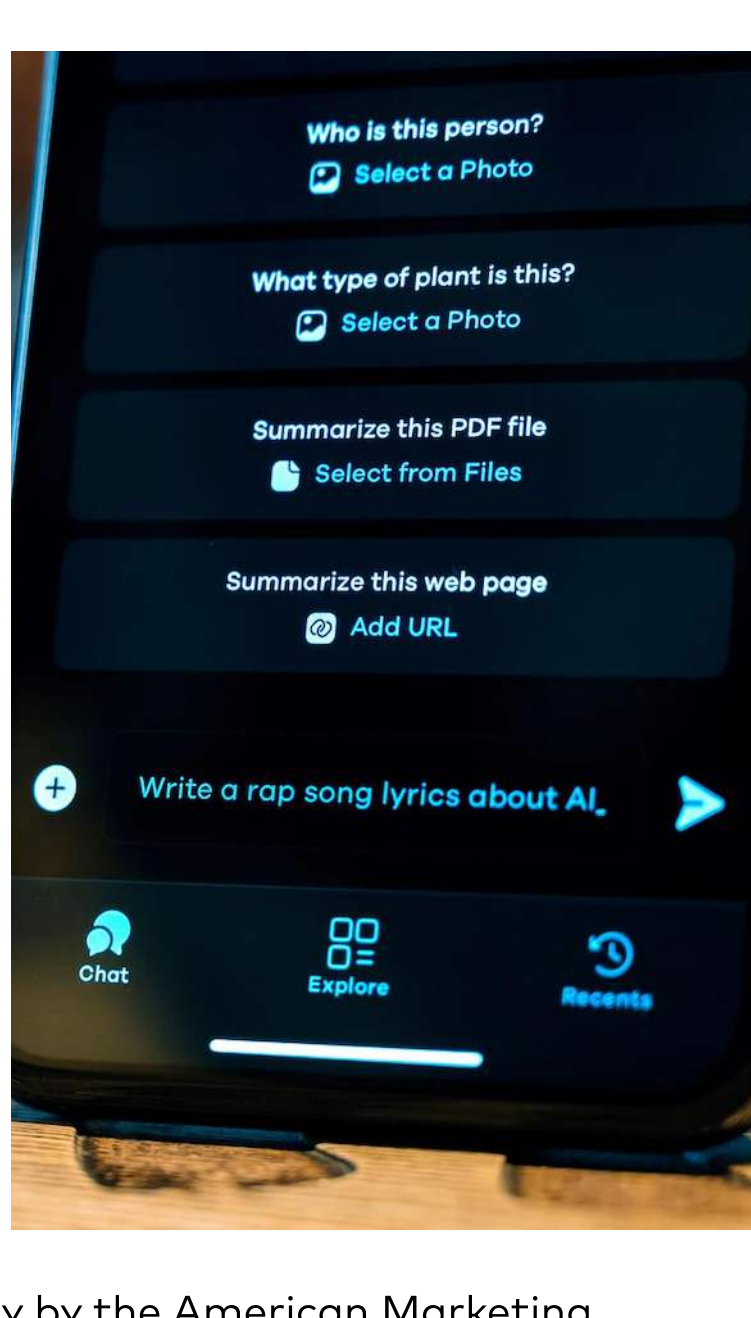
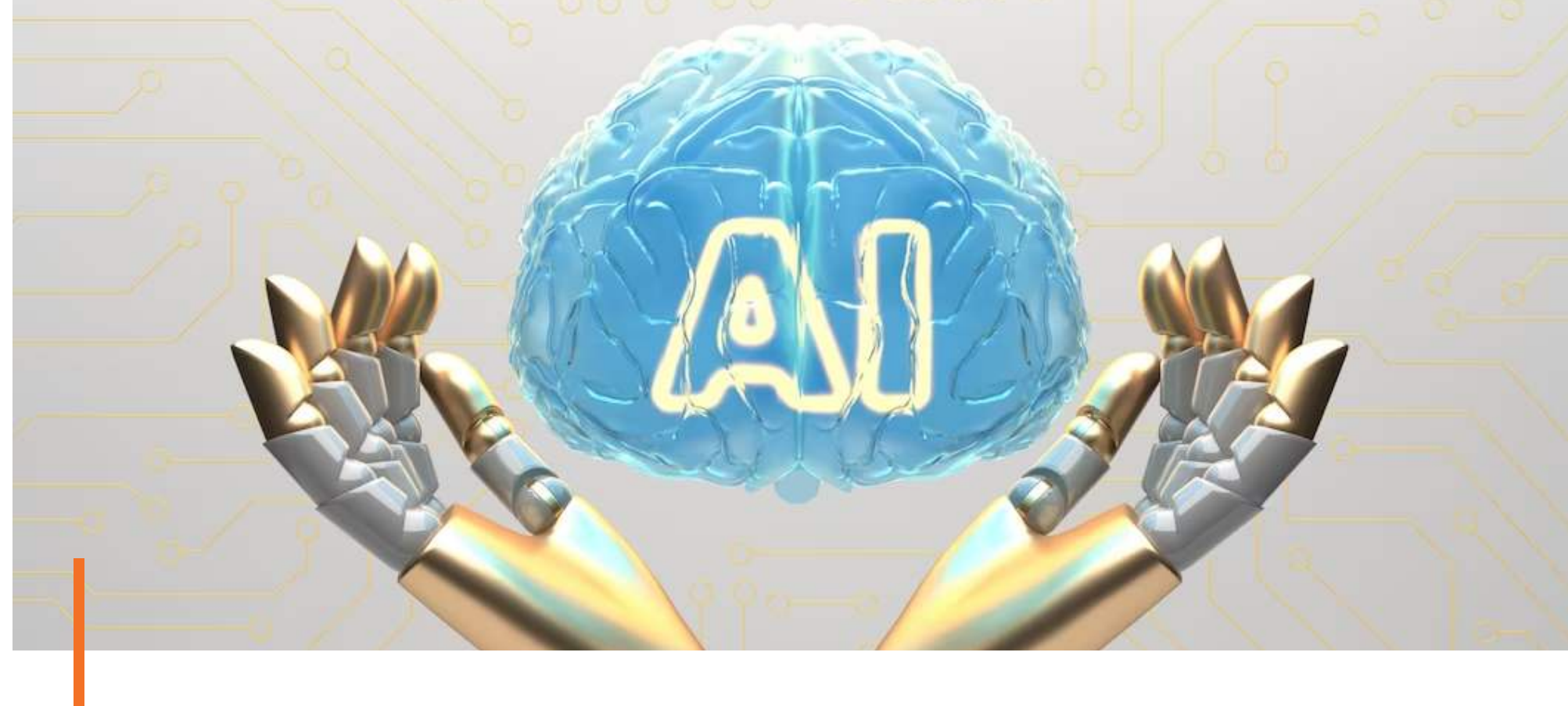


# AI in Marketing: Customer Engagement and Relationships

Marketing plays a pivotal role in understanding customer needs, matching them with products and services, and ultimately persuading people to make purchasing decisions. It's no surprise that artificial intelligence (AI) has emerged as a game-changer in the marketing realm. According to a McKinsey analysis, AI offers the greatest value in the field of marketing among all the company's functions.



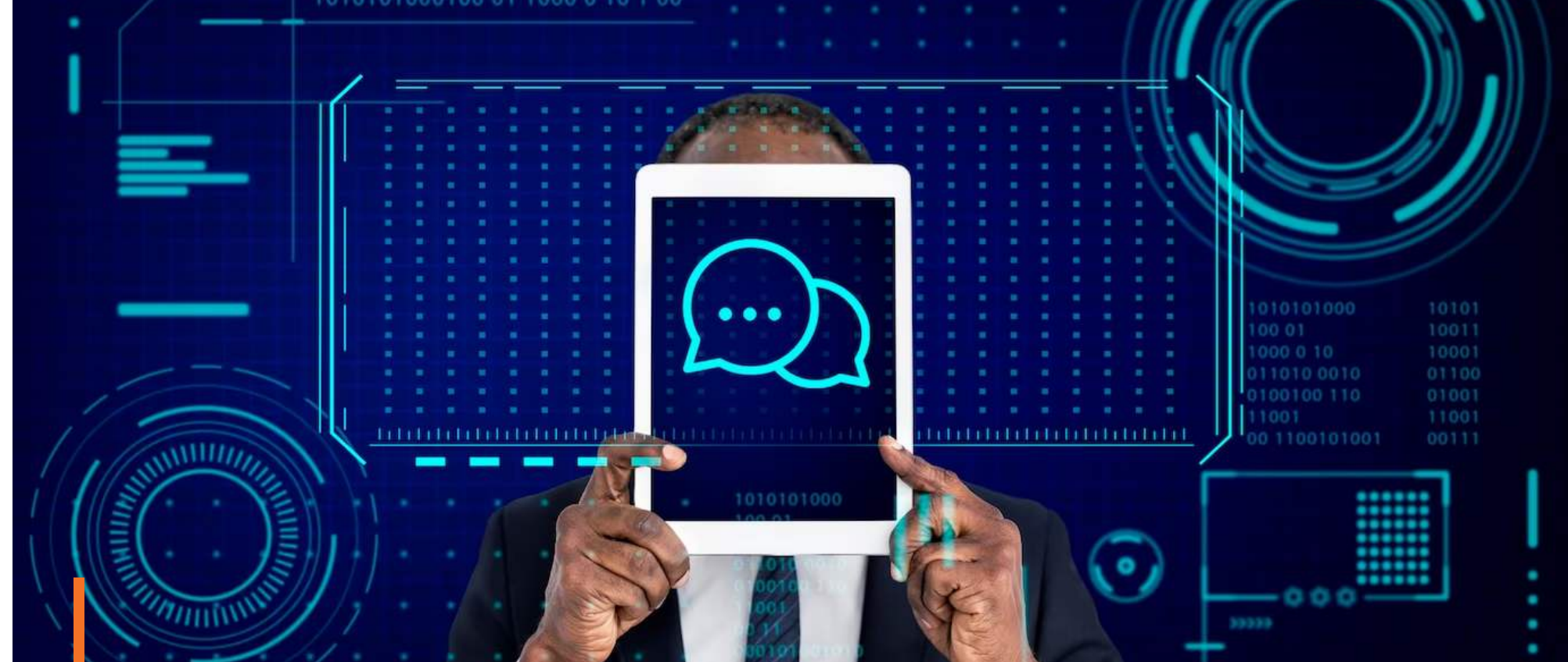
The adoption of AI in marketing is on the rise. A recent survey by the American Marketing Association revealed a 27% increase in AI implementation in just a year and a half. Furthermore, a global survey conducted by Deloitte in 2020 highlighted that three of the top five AI objectives were marketing-oriented: enhancing existing products and services, creating new offerings, and strengthening customer relationships.



There is tremendous potential for AI in marketing, and we believe it will continue to play an increasingly significant role in the years to come. Drawing upon our extensive experience in data analytics, AI, and marketing, we have developed a comprehensive framework to help you classify and leverage AI projects effectively. Before delving into the framework, let's explore the current state of AI in marketing.

## Where does AI stand in marketing today?

Many companies have already incorporated AI into various aspects of their marketing strategies. AI applications range from digital ad placement and sales forecasting to customer service augmentation and personalized product offerings. For instance, online furniture retailer Wayfair utilizes AI to identify potential customers, understand their preferences, and tailor product recommendations based on their browsing history.



Throughout the customer journey, AI plays a crucial role in targeting ads, guiding research, and increasing engagement. AI-powered chatbots, such as those integrated with social media platforms, assist customers with basic interactions and decision-making. Moreover, AI-driven sales processes leverage detailed customer data, including real-time geolocation, to offer highly personalized product suggestions and reduce cart abandonment rates significantly.

After-sales support also benefits from AI-enabled service agents, available 24/7 to address customer inquiries and escalate complex issues to human agents when necessary. These agents analyze customer tone, provide coaching to representatives, and offer differential responses to ensure customer satisfaction.


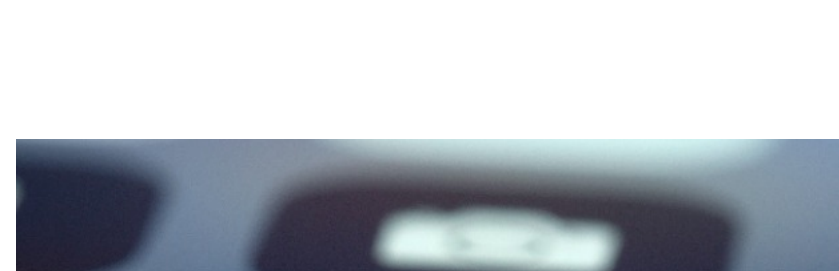
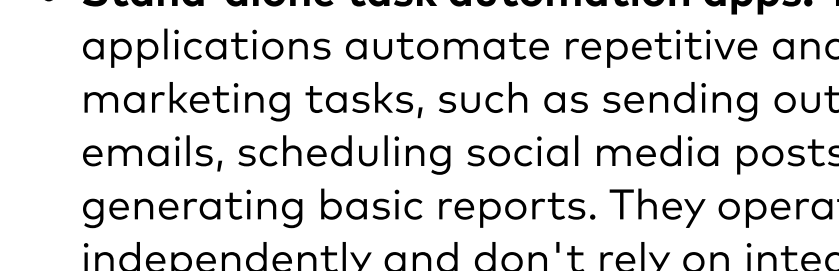
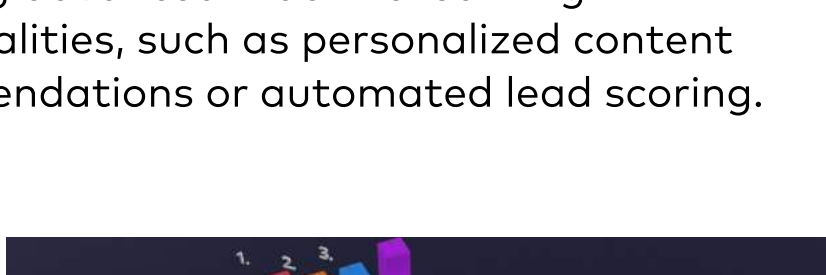
## The Framework for Classifying Marketing AI



While integrated machine learning applications hold the greatest promise, starting with simpler rule-based and task automation systems is crucial to gain AI experience. Taking a "crawl-walk-run" approach allows organizations to help you navigate the evolving landscape of marketing AI, we have developed a framework that categorizes AI applications based on two dimensions: intelligence level and integration within existing platforms.

- **Intelligence Level**
  1. **Task automation:** This category includes AI applications that handle repetitive and structured tasks with relatively low levels of intelligence. Examples of such tasks are automated welcome emails to new customers and basic chatbots that assist customers based on predefined decision trees.
  2. **Machine learning:** These applications use machine learning algorithms trained on large amounts of data to make more complex predictions and decisions. Machine learning applications can recognize images, segment customers, and anticipate their responses to marketing initiatives.
- **Integration**
  1. **Stand-alone applications:** These are AI programs that operate separately from primary customer-facing or employee-oriented channels. Users access these applications independently, beyond the regular channels.
  2. **Integrated applications:** These AI applications are embedded within existing systems, such as CRM platforms, and are less visible to users. They seamlessly enhance marketing processes without requiring additional interactions.

## By combining these dimensions, we get four categories of marketing AI:

- **Stand-alone machine learning apps:** These applications operate independently and leverage machine learning algorithms to perform complex marketing tasks. They might include recommendation engines, predictive analytics models, or customer segmentation tools. 
- **Integrated machine learning apps:** These applications are seamlessly integrated into existing marketing platforms, such as CRM systems or marketing automation tools. They enhance the capabilities of these platforms by providing advanced machine learning functionalities, such as personalized content recommendations or automated lead scoring. 
- **Stand-alone task automation apps:** These applications automate repetitive and structured marketing tasks, such as sending out mass emails, scheduling social media posts, or generating basic reports. They operate independently and don't rely on integration with other systems. 
- **Integrated task automation apps:** These applications are integrated into existing marketing platforms and automate specific marketing tasks within those platforms. For example, an integrated task automation app might automatically generate personalized email campaigns based on user behavior tracked in a CRM system. 

## A Stepped Approach: How to Unleash the Full Potential



### We recommend taking a stepped approach:

- **Start with task automation:** Begin by implementing stand-alone task automation apps to streamline repetitive marketing tasks. This allows your team to become familiar with AI technology and experience its benefits in improving operational efficiency.
- **Progress to integrated task automation:** Once you have gained experience with task automation, move towards integrating AI apps into your existing marketing platforms. This enables automation within your established workflows, improving overall productivity and accuracy.
- **Explore machine learning:** Once your team is comfortable with AI and integrated task automation, venture into machine learning applications. These applications offer advanced capabilities such as customer segmentation, predictive analytics, and personalized recommendations. Start with stand-alone machine learning apps and gradually integrate them into your existing systems for optimal results.
- **Optimize with integrated machine learning:** Finally, integrate machine learning apps into your core marketing platforms. This integration allows you to leverage AI's power seamlessly within your existing marketing workflows. Integrated machine-learning apps can enhance customer targeting, lead scoring, content personalization, and more.

You can unlock the full potential of AI in marketing while ensuring a smooth transition and maximizing the value derived from each stage of implementation.

## How Can You Foster Customer Relationships Using AI?

Now that we have discussed the stepped approach as well as the benefits, let's move on to discuss how you can seamlessly integrate AI in your marketing.



1. **Conversational Interfaces: Building Connections, One Conversation at a Time**

Conversational interfaces have become a cornerstone of customer engagement. From familiar voices like Alexa, Siri, and Google to the ever-present chatbots, AI is reshaping how businesses interact with customers. Tools like Drift empower customers to self-serve on their terms, 24/7. This aligns seamlessly with the preferences of next-generation customers who value self-service and minimal human intervention. By leveraging conversational AI, businesses can extract valuable insights, guide potential leads, and nurture customer relationships in a natural, intuitive manner.
2. **Customer Interaction: Reducing Friction, Enhancing Experiences**

The concept of the "lean-back" experience has gained prominence, where customers let AI-powered machines and services handle the heavy lifting. Consider the convenience of Amazon's one-click purchasing or personalized product recommendations based on your preferences. AI, coupled with user behavior data, allows brands to anticipate customer needs and offer tailored suggestions. By reducing friction at every touchpoint, brands can create seamless, effortless experiences that foster trust and loyalty. The goal is to make customers feel understood, valued, and constantly surprised by the brand's ability to exceed their expectations.
3. **Platforms for Customer Relationship: Orchestrating Meaningful Experiences**

At the heart of these AI-driven transformations lies the vast realm of data. With the advent of big data, marketing tools have evolved into customer relationship platforms, acting as the foundation for AI-powered experiences. These platforms capture and process customer interactions, generating valuable signal data that enables companies to craft meaningful, personalized journeys. By harnessing this data, brands can proactively engage customers, delivering offers and recommendations that resonate on a deeply individual level. The result is a virtuous cycle of proactive interaction, deepening customer trust, and fostering long-term relationships that transcend transactional boundaries.

## The Bottom Line

The possibilities AI brings are boundless. As Netflix exemplifies, leveraging data to predict viewing preferences and offer personalized recommendations has become the new standard for customer-centricity. Similarly, businesses can harness AI and customer relationship platforms to gain a comprehensive understanding of individual behaviors, preferences, and desires. Armed with this knowledge, brands can create tailored experiences that exceed expectations, earning trust and cultivating customer loyalty. In today's landscape, where relationships are the ultimate currency, AI is a key tool in nurturing and expanding your customer base.

As technology advances and AI continues to evolve, businesses must remain at the forefront of innovation to build and sustain strong customer relationships. By adopting conversational interfaces, enabling lean-back interactions, and leveraging customer relationship platforms, companies can unlock the true potential of AI. The possibilities for creativity, personalization, and operational efficiency are limitless.