

**AI in Marketing**  
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**Week 1**  
**Lecture-2**  
**Understanding the basics of AI in Marketing-II**

Welcome to this course on Artificial Intelligence in Marketing. And we will now talk about module 2. So, as you can see that we are talking about the first part that is introduction to AI in marketing management. And the first 3 modules are dedicated to understanding the basics of AI in marketing. We have talked about module 1 and now we will start with module 2. In this module, we will continue the discussion of marketing evolution into versions 4 and 5.

What is the impact of new technology in marketing along with example? What is AI and its brief history and categorization of AI between strong AI and weak AI? Now let us look at what is marketing 4. Marketing 4 can be explained as the marketing approach that combines the online and offline interaction between companies and consumers. At the same time, it can also be explained as the approach that merges artificial intelligence with other technologies to increase productivity and increase human-to-human connectivity, thus improving the customer interaction process. It has led to the increase in the outcome of different changes sourced from an extreme worldwide challenge, other kinds of purchases and quick advancements in innovations.

In marketing 4, the typical day-to-day customer is said to follow a fixed customer path which is as follows. The first is being aware, customer learns about the brand from others or are exposed to the advertisements. The second step in this customer path is appeal. So, consumers become attracted to the brand and develop a set of prospective brands to purchase from. And the third is to ask, consumer searches about the product online and compare prices and features etc.

In the fourth step, they act. So, consumers buy online and in store and proceed to use the product for the first time. The fifth is advocate, customers recommends the brand to others and keep using it themselves. So these are the 5 steps that we have just seen 1, 2, 3, 4 and 5. In the first that is aware.

So it means I know. Second appeal that is I like it. The third ask, I am convinced. At the fourth stage that is act is that I am buying the product and is at the fifth stage that is advocate where I recommend the product or the brand to my family and friends. Customers now have the resources and means to evaluate and scrutinize any company's

brand position promise, corporate social responsibilities and core values in the digital economy.

Due to the transparency, brands can no longer make false unverifiable promises. This proves as a valuable instrument for the public. The development of technology has led to the introduction of artificial intelligence which has led to marketing 5. And now we come to marketing 5. Marketing 5 will require us to analyze marketing 4 and then wholly revolve from segmentation and personalization to create a new marketing platform that is personal.

In the age of the COVID-19 pandemic where distancing and masking was the basic regime, marketers have had to develop new ways of interacting with the customers to keep their businesses and capture new clients and customers by maintaining that personal interaction. So, marketing 5 is a complex model with several facets that must work together to ensure customer satisfaction and profit. Information procured by AI and other technological channels that is data driven marketing is inputted into the three different types of marketing techniques that are prominent now. One is predictive, second is augmented and the third is contextual. This gives rise to agile marketing framework that works in harmony while ensuring it complies with societal norms and guidelines and is sustainable also at the same time.

So now these are one is augmented marketing, second is predictive marketing and the third is contextual marketing. And this predictive marketing comes from the data driven marketing and contextual marketing gives and their interaction gives rise to agile marketing and the society and sustainability are affecting covering these three marketing. So, marketing 5 has to deal with the consequences of the aggressive and unchecked growth over decades leading to negative environmental impact and rising inequality. So, companies cannot thrive and survive if they ignore the external consequences of their actions. Due to this one of the core purpose of marketing 5 is to use and apply artificial intelligence to prevent and correct the pollution and environmental damage that has occurred over the years.

AI also has become an integral part of the advertising process. Multiple makeup brands, accessory brands etcetera have been using the tool to help ease the apprehensions of the consumers and boost online sales. Marketing 5 has enormous potential to improve online sales and customer satisfaction and reduce the carbon footprints of the brands. Now let us look at the impact of technology that is a new marketing reality. First is the internet then supply versus demand, the third is personalization and the fourth one is mixed reality.

So now let us look at the impact of internet. In the past businesses could get buy without

a website however that is no longer the case. Today customers expect businesses to have websites. In fact 81% of people said that they would not buy from a business if it did not had a website. Having a website is essential for any business that wants to be successful.

In the past we would ask our friends and family for recommendations when we were looking for a new product or service. These days we are much more likely to do our own research online. We will read, review and compare prices before making a purchase. This change is due in part to the increase in internet access and in part to the increase in mistrust of advertising. People do not trust advertising anymore.

They prefer to find out what is true about products or services through social networks. Social networking sites like Facebook and Twitter allow companies to connect directly with customers. The next is supply versus demand. Over the last 30 years logistics has undergone a tremendous change. From a purely operational function that reported to sales or manufacturing and focused on ensuring the supply of production lines and the delivery to customers to an independent supply chain management function that in some companies is already being led by a CSO that is the chief supply chain officer.

The focus of supply chain management function has shifted to advanced planning processes such as analytical demand planning or integrated S&OP which has become established business process in many companies. The third is personalization. Artificial intelligence, machine learning and natural language programming are changing the ways brands interact with the customers. AI based personalization enable brands to increase customer engagement. Improve loyalty, increase sales and more completely understand the customer.

So that is also very important to more completely understand the customers and all in the real time. Using AI brands are able to customize their website content based on each specific customer which helps to improve conversion rate. The next comes mixed reality. There are three kinds of technology available right now in the market. First is the AR that is augmented reality.

The second is VR that is virtual reality and the third is MR that is mixed reality. The three can be distinguished as below. Virtual reality or VR places users in a 100% artificial digital environment like Oculus Rift content. Augmented reality that is AR uses overlays to display virtual objects on the real-world environment like Pokemon Go. The third is mixed reality that is MR goes beyond overlays anchoring virtual objects to the real world for interaction.

In experiential marketing, brands are constantly finding new ways to give consumer an

experience they will not soon forget. They are constantly striving to plan activations that will not only reach people but also get them excited about the product. Mixed reality can keep an audience engaged with the brand and reach a larger audience. It is the cutting edge of technology and brands are beginning to find success blending realities for a more immersive experience.

Now let us look at the story of CarMax. CarMax is the largest retailer of used vehicles in the United States. Because of the trust it has created with its customers with trust at its core, CarMax brought integrity and transparency into the car buying process and made it very simple and easy. Having first disrupted the automotive retail sector when it first launched in 1993, CarMax disrupted the industry for the second time by launching a true omni-channel experience that empowers customers to buy a car on their terms online, in a store and a seamless integration of both. So, we will discuss how the company used Salesforce to create that experience, delight customers in a new and innovative ways and reimagine car buying. So now we are trying to analyze the story of CarMax through omni-channel strategy for flexible customer interaction.

Anticipating its customers would want more control of the car buying journey, the company set about creating a human-centered omni-channel experience that enabled customers to interact seamlessly online and with their stores and truly buy a car on their terms. The car buying process is not completely linear and a single customer may interact with multiple associates during that unique journey. From remote support specialist to in-store associates. So, CarMax worked with Salesforce to create a centralized view of the customer to provide a seamless experience across all the touchpoints. The company uses AI to personalize customer experience across channels, providing product recommendation for customers and timesaving.

Next best action for associates, it also uses AI to automatically classify and route incoming customers SMS messages, increasing associates productivity and customer satisfaction. In addition, the company launched multiple contact centers to provide remote concierge service that helps customers via phone, text and digital channels while they are shopping online. Understanding customer's position in the customer journey process. Before 2020, CarMax was already well underway with its ambitious digital transformation. When the pandemic hit with its strong digital foundation in place, the company was able to quickly pivot, accelerating the launch of its omni-channel experience to the rest of the country and rolling out CarMax curbside delivery within three weeks.

CarMax curbside is a new contactless way for customers to test drive and buy a new car. With adherence to social distancing practices, CarMax also offers a home delivery option for most of the customers. Associates can concentrate on providing outstanding on-site

customer service experience, thanks to appointment scheduling, guided checklists and other workflows. Now, when someone books an appointment for a test drive online, it triggers a workflow that ensures the car is checked, clean, comfortable and ready to drive. The buying experience becomes seamless too. So, customers can save time by completing most of the process online in advance, such as getting pre-approvals for financing. CarMax rolled out CarMax curbside to the whole country to thousands of associates and all its customers in less than three weeks. Next, it delivered great customer experience through employee experience by custom apps. One important reason for CarMax success is that it puts both customers and employees at the center of every decision. CarMax redesigned its customer experience at a fundamental level with intentional relationship designs.

This involved listening to customers and using design thinking and other tools to emphatically but deliberately evolve its relationship with customers. Custom apps also enhance experience for both employees and customers. The company's coders benefit from a modern agile developer's experience and use pre-built partner solutions to accelerate the time to market for their apps. On the front end, CarMax associates have the tools and information they need to delight customers. For example, when the delivery team learned that a customer had a new baby, they included a gift of toys with the car delivery.

It was nice surprise for the customer. That would definitely delight them and all customers want a surprise and obviously that delights them. And the third is implementing change with acceleration. Since the start of the pandemic, CarMax has gained new heights of efficiency as they were able to move and innovate faster than ever before. Customer-facing associates play a vital role with some included in the company's product team. This ensures development initiatives addresses user pain points from the beginning and meaningful testing and training starts early.

As a result, it now takes days, not months, to train staff when a new capability or app is rolled out. It is its combination of people, culture and technology that enabled this rapid change and allowed CarMax to continue to reimagine the future of car buying. CarMax have always had an amazing culture of innovation and entrepreneurship. But lately when they brought in a lot of digital native characteristics, it actively binded all of the three things and made it operate like a true digital technology company.

Now let us look at what is AI. So, what is artificial intelligence? It is the study of methods for making computers behave intelligently. So artificial intelligence is study and design of intelligent agents. Intelligent agent is an AI program that perceives its environment. Take actions autonomously in order to achieve goals and may improve the

performance with learning or may choose knowledge.

Now let us look at when and where it started. So, in 1945, Vannevr Bush suggested machines can think concepts. Then in 1950, Alan Turing suggested the machine's ability to take decisions. And in 1956, the term artificial intelligence was first used by McCarthy and the Dartmouth workshop. In 1967, Wabot Project in Wasada University, Japan. In 1989, Carnegie Mellon University's High Tech and Deep Thought.

In 1997, Deep Blue, supercomputers beat the world chess champion. In 2000, deep learning, big data and artificial general intelligence came into being. In 2010, access to large amounts of data that is big data. And in 2016, AI product market reached 8 billion dollars. So, in broad perspective, it can be categorized as weak AI that is suggestions are based on past data and strong AI that imitates common sense.

So weak AI gives suggestion that is that are based on the past data while strong AI it imitates common sense. Now because it imitates common sense that is why it is called as strong AI. Weak AI consists of system designed to do one particular job. It refers to system that are programmed to accomplish a wide range of problems but operates within a predetermined or predefined range of functions.

We have lived with weak AI for a while now. Weak AI system includes video games such as chess where the end result is winning the game. And a personal assistant such as Google such as Amazon Alexa and Apple Siri. You ask the assistant a question, it answers it for you. Pandora is very good at choosing what music you might like based on the sort of music you liked before. Amazon is pretty good at guessing what if you brought this.

You might like to buy that. Google AlphaGo beat Go world champion Lee Sedol in March 2016. Another AI system that is DeepStack beat experts at no limit Texas holding them poker. But one of those systems can do anything else.

They are weak. Next comes strong AI. Strong artificial intelligence consists of systems that carry on the task considered to be human like. So, when it moves, the AI is moving towards human. Then it is called as strong. Strong AI is that which thinks like human, draws on general knowledge, imitates common sense, threatens to become self-aware and take over the world.

These tend to be more complex and complicated system. They are programmed to handle situations in which they may be required to solve problem without having a person to intervene. This kind of systems can be found in applications like self-driving cars and

hospital operating rooms. So, to conclude in this module, we continued the discussion from module 1 regarding marketing evolution in versions 4.0 and 5.0. We have discussed the impact of new age technologies on marketing. We have understood how CarMax used AI to enhance their business operations. And finally, we have discussed the categorization of AI into its stronger and weaker versions. And these are the books from which the material for this module was taken. Thank you.