Use of Artificial Intelligence in Marketing: Issues and Challenges

Dr.Mallikarjuna.B
Assistant Professor of Commerce,
Govt First Grade College Birur,
Chikkamagaluru Dist,
Karnataka -577116.

Abstract:

The AI technology is expected to be an economic boost by increasing GDP through investment returns. The technology is slowly replacing human functions of marketing such as communication, making it easier to perform and improve on other tasks. Therefore, it is a descriptive study will analyse the importance of AI in digital marketing for companies today, looking at primary and secondary data to develop a clear analysis of the state of marketing today. Also the present paper will provide an in-depth view of how technology is affecting the marketing sector in the modern economy.

Key words: Investment Artificial Intelligence. GDP

I.   Introduction:

"Artificial Intelligence is whatever hasn't been done yet." —**Larry Tesler**

Artificial Intelligence (AI) Artificial intelligence is the concept and development of computer systems that can do activities that would ordinarily need human intelligence. Visual recognition, voice recognition, making difficult decisions on challenging problems, and the ability to interpret languages are all examples. (Oxford University press, 2019).

Artificial intelligence (AI), sometimes called machine intelligence, is intelligence demonstrated by machines, in contrast to the natural intelligence displayed by humans and other animals, such as "learning" and "problem solving. In computer science AI research is defined as the study of "intelligent agents": any device that perceives its environment and takes actions that maximize its chance of successfully achieving its goals. The last 10 years have brought tremendous growth in artificial intelligence. Consumer internet companies have gathered vast amounts of data, which has been used to train powerful machine learning programs. AI marketing uses artificial intelligence technologies to make automated decisions based on data

collection, data analysis, and additional observations of audience or economic trends that may impact marketing efforts. AI is often used in digital marketing efforts where speed is essential.

Artificial intelligence is a critical tool for marketers since it eliminates human faults such as delays, biased approaches, and other minor flaws (Katyal, 2019). Artificial intelligence, artificial neural, pattern recognition, big data, automation, and other buzzwords are familiar to marketers. These are among the terminology and techniques that gave rise to modern-day marketing. Apple's Siri, Amazon's Alexa, Google Assistant, and Microsoft's Cortana are artificial intelligence-powered chat bots designed to talk with people and assist them by offering a range of information and meeting their other information needs. With such developments, it has become an easy task to achieve high marketing results within companies. An illustration of artificial intelligence in marketing is a recommendation. Artificial intelligence is used by e-commerce companies, blogs, and several online social and media websites to analyze our online activity and recommend products and content to increase conversions and time spent on their sites (Bala & Verma, 2018). Furthermore, before presenting to users as an advertisement, the client's behaviours, interests, and devices are considered in Ad targeting. Marketers seek to get more out of ads by tailoring them to the target demographic.

II. The following are some of the sectors in marketing where AI has made a difference

1. **Email Marketing and Content Marketing:** While the current level of AI cannot replace human authors, it can enhance their abilities and raise the efficiency of the content generated, similar to how AI offers intelligent ideas for writers in programs such as Grammarly, Google Docs, and SEMRush. AI is also beneficial to email marketing. eBay, for example, used Phrasee, a third-party tool, to enhance open email rates. Phrase created subject texts and banner copy variants most suited to eBay's audience using AI, with a focus on voice tone (Kiseleva, P. (2022).

2. **Advertising on the Internet:** It's no longer only about inventiveness in digital advertising. Ads must target and deliver the appropriate signal to the right individuals in order to be effective. Businesses can use AI to tailor advertisements and generate more revenue on their ad expenditure by only showing ads to the most relevant visitors (Karimova & Shirkhanbeik, 2019)

3. **Chat Bots:** Not many organizations have customer care representatives available 24 hours a day, seven days a week, to reply to inquiries or complaints as soon as it arrives; however, chat bots can help. However, it's important to note that chat bots aren't the be-all and end-all for customer service issues. At the very least, humans should be available when customers require them (Karimova & Shirkhanbeik, 2019).

4. **Predictive Analysis and Behaviour Analysis:** AI can create more in-depth knowledge for clients, hyper-personalize conversations, and eventually forecast consumer behaviour via machine learning. Creating the right target group segmentation is one of the most important aspects of a tailored marketing strategy. Using data from past events, AI can reliably infer and anticipate how the world will look in the future, as well as what buyers will most likely buy, assuming certain conditions are met.

5. **Demand Forecasting and Dynamic Pricing:** Because AI can review historical data, it may also predict the future of a company's customers' preferences, crucial events, or happenings that can affect whether specific items decline or rise in popularity. AI can also be used to automate price hikes, control stock during periods of strong demand, and panic purchasing to maximize income, according to Kiseleva (2022).

III.   Use of AI in Marketing:
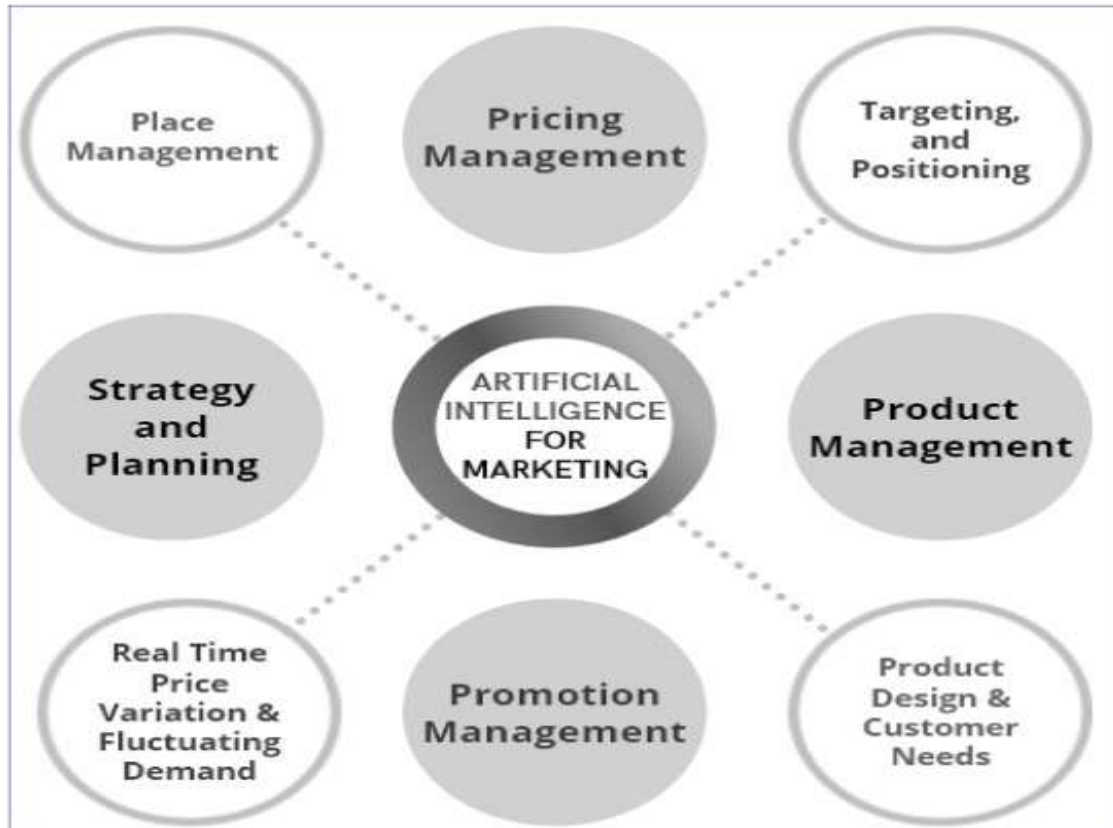
AI marketing allows marketers to crunch many marketing data analytics from social media, emails, and the Web in a relatively faster time. That's why AI marketing is a must for every business.

- **Build stronger customer relationships:** AI tools like chat bots provide 24/7 customer support, and are always available to help customers. This allows customer service teams to save time responding to common queries and focus on other important tasks and complex queries.

- **Faster data-driven decision making:** Marketing tools make it possible to sift through mountains of data in much quicker time. AI-powered systems build on top of these tools to generate helpful insights and reach the right customers at the right time.

- **Boost campaign ROI:** Developing content that resonates with your audience and converts customers is more likely with AI decision-making. With historical data, run campaigns based on the type of content your audience engages with and add value to their journey. This affects your bottom line and increases your campaign's ROI.

- **Personalize the content with customer data:** If you don't know your customer's preferences—what they want and don't want—it's difficult to gauge and create something that works for them. Customer

data such as demographics, buying history, and location can help you identify prospects interested in your products or services. The best way to get and decode this data is with Artificial Intelligence.

- **Automate repetitive tasks:** Repetitive tasks drain energy and take time. Then let Levity automate your mundane tasks like emails, survey analysis, reporting, answering common queries, and more. You can use the time and money saved with AI to solve complex problems and innovate.

IV.   Issues and Challenges of Artificial Intelligence in Marketing:

Various industries now embrace new ways of marketing. One of these new approaches is AI Marketing, used by marketing leaders over the years, with figures of 29% in 2018 to a staggering 84% in 2020.According to a study done by Statista, the global artificial intelligence (AI) software market is to grow rapidly in the coming years and could reach around 126 billion U.S. dollars by 2025.

Although AI is getting more powerful day by day it still has some limitations. Some of them are due to ethical concerns. Others are caused by an insufficient amount of financial and human resources. Let's break down each of these challenges one by one.

a. Lack of trust

Despite the benefits of Artificial Intelligence marketing that brings, companies and people in business still meet it with scepticism. For one, when data culled through it falls into the wrong hands, it may lead to grave concerns, including the possibility of having programmable weapons. Others also do not trust AI due to the copious amounts of data it can gather and analyze, some of which may be highly personal. Threats of identity theft and data breaches abound according to public perception.

However, it pays to know that there are measures that address this lack of trust. An example is the implementation of the General Data Protection Regulation (GDPR) by the European Union, protecting individual info even when used for marketing purposes.

b. AI demands high investment

Effective costing is crucial in any business, and others surmise that AI-powered marketing requires heavy budgets. Incorporating this strategy into the company may be costly, primarily due to automation of the processes with the customer's journey and overall improvements in user experiences. Companies can weigh the cost of the investments they may incur. If you are just starting your business, then, automating marketing operations may not necessarily be a priority right at the moment.

c. Lack of talent

Since AI marketing tends to be complex and requires technical know-how, another concern is finding the right talent and people to handle and execute it. There are algorithms and computational power that require a specific skill set for AI-related tools and software.

Before jumping into AI, businesses must look at the roster of employees they need and if there is a way to outsource needed personnel or consultants. Another way to make AI work is through partnerships with third-party providers that can help collect, analyse, and maintain data and the needed AI training programs for employees interested in Artificial Intelligence nd data science.

d. Job losses

Yet another challenge with AI marketing is how it poses a threat to human resources and skilled labour. Some think that AI-based technologies may eventually displace marketers and that companies would settle for machinery and big data to do all the work needed. Some even make bold predictions that AI will eventually replace 6 out of 10 marketing analysts and specialists.

However, the workforce remains an integral part of marketing despite this possible danger, especially since people skills are hard to pass down to machines. Instead, what marketers do with AI is find ways to make both actual labour and AI complement each other towards attracting and retaining clientele.

e. Privacy and regulations

Aligned with AI marketing implementation is the proper adherence to privacy regulations. Organizations must know the boundaries they need to put up regarding data on their prospective and current consumers. To avoid this risk and damage their reputation and pay potential fines, companies that do AI-driven marketing should follow regulating bodies, one of which is the GPDR (mentioned earlier).

f. Ethical concerns

Finally, another big challenge is its ethics. Some believe that there are ethical issues, including privacy intrusion and questionable data gathering. However, digital marketers still deem AI-led marketing crucial, especially in generating growth. They combat ethical concerns by ensuring they gather data with transparency, that the use of technology only benefits customers, and that the activities related to marketing are still within human rights and promote inclusion.

Companies should be ready for any accountability and give clear explanations regarding AI-driven practices.

V.   Conclusion:

The marketing sector has been found to be one of the sectors of the economy with the highest potential to improve. It is a viable space for development especially through technology. The future of marketing relies on the improvement of technology in marketing systems and structures. It is expected that AI technology will completely take over the marketing sector to create customer tailored experiences and catapult marketing to obscenely high levels. Therefore, it should be the desire of every marketing manager to incorporate artificial intelligence and market automation into their systems because the technology is being accepted globally.

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