

AI in Marketing
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Week 6

Lec 26-Standardization, Personalization & Relationalization of Brands using AI

Welcome to this NPTEL online certification course on Artificial Intelligence and Marketing. And now we will talk about module 26. So, as you can see from this slide, now we have moved on to chapter 5 that is building strong brands using AI and in module 26 we will talk about standardization, personalization and relationalization of brands using Artificial Intelligence. So let us start with module 26 and this slide shows the module overview. So, we will start with to understand what the brand is and how does branding works. To explore the AI, to explore the role of AI in building strong brands and then to study the applications of different types of AI in standardization, personalization and relationalization of brands.

Then we will study the limitations of AI for branding and explore the link between AI quality and brand relationships. So, what is a brand? ESPN is a strong brand. How did ESPN go about building a strong brand of being an all-round sports channel? If you think of a sports network, ESPN will definitely come to the list first. So, these are all the activities that it did.

Kerala Tourism got its own country. Kerala Tourism has successfully branded the destination the brand name, logo and the tagline God's own country. So, after scouting the whole world, John and Nicola chose heaven. So, then they came here to Kerala which is God's own country. A brand is a combination of physical features.

For example, a pen is lightweight, emotional feelings the pen makes me feel powerful that consumers develop or attach to a company or its products. The American Marketing Association defines brand as a name, term, sign, symbol or design or a combination of them intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors. It is a business most valuable asset, but it is an asset that you never wholly own. It is formed in by the customer interaction and reputation. An offering from a known source becomes a brand.

A brand is a product or a service whose dimensions differentiated in some way from others designed to satisfy the same need. These differences may be symbolic to functional, emotional to rational, intangible to tangible, related to the product performance of the brand and what the brand represents. So, the role of brands, the role

of brand for consumers is that it promises between the firm and the consumer, means to set consumers expectations and reduce risk and consumers evaluate identical products differently depending on how it is branded. The brand's role for firms is that it identifies the makers, simplifies product handling, organizes accounting, offers legal protection, creates barrier to entry and serves as a competitive advantage. Now let us look at the scope of branding.

Although firms provide the impetus to brand creation through marketing programs and other activities, ultimately a brand resides in the mind of the minds and hearts of the consumers. Branding is the process of endowing products and services with the power of a brand and creating differences. So, marketers need to teach the consumers who the product is, what the product does and why consumers should care about that. So, this is, these are the three things that need to be understood if you want to understand the scope of branding. It create, the brands create mental structures that help consumers organize their knowledge about products and services in a way that clarifies their decision making and in the process provides value to the firm.

Consumers must be convinced that there are meaningful differences among brands in the products and service categories. So, we are talking of the meaningful differences. Again, these creating differences which are meaningful. Brands difference often relate to attributes or benefits of the product itself. For example, Gillette, Merck and 3M have led their product categories for decades due in part to continual innovation.

Other brands create competitive advantage through non-product related means. Gucci, Chanel, Leo Vuitton have become category leaders by understanding consumers motivation and desires and creating relevant and appealing images around their products. Now let us look at the strategic brand management. Marketers of successful 21st century brands must excel at the strategic brand management process. Strategy brand management combines the design and implementation of marketing activities and programs to build, measure and manage brands to maximize their value.

These are the four steps in strategic brand management. The first is to identify and establish brand positioning. The second is planning and implementing brand marketing. The third is measuring and integrating brand performance and the fourth is growing and sustaining brand value. Now the age of technology the role of marketer is to curate the brand identity.

Technological developments have resulted in new pathways over the last decade thus providing ample opportunities for ensuring a consistent and recurring brand experience. Modern marketing backed by technological tools are changing the way brands are built

and perceived. How AI can be used for building a strong brand? The onset of AI is changing how organizations function and interact with their stakeholders. AI in marketing is gaining importance due to first increased computing power and reduced computing cost. Availability of big data, advancements of learning algorithms, rise of AI agents like chatbots, voice assistants etc.

So one can see a wide application of AI by brands in various areas of marketing. For example, Amazon Prime Air uses drones to automate shipping and delivery. Domino's Pizza is experimenting with autonomous cars and delivery robots to deliver pizza to the customer store. Each type of AI intelligence can deliver its unique benefits. So, as we have seen in earlier slides mechanical AI that is best suited for standardization.

Thinking AI, that is good for personalization and feeling AI is ideal for a relationalization. Now let us look at AI for standardization. So, we are talking of this. Omnichannel brand consistency requires the right standardization. For providing a strong brand experience it is necessary to have the right elements in place.

Brands need digital assets such as imagery, video and marketing collateral to support their efforts and ensure their brand images and values are consistent across all channels and environments. Mechanical AI provides standardization benefits due to its ability to be consistent. Mechanical AI is designed for automatic repetitive and routine tasks. The figure will depict some current technologies that can be considered mechanical AI. Remote sensing, directionality reduction, repetitive and routine task, clustering algorithms, machine translation and classification algorithms.

Brands use various forms of mechanical AI to provide a standardization benefit. One is collaborative robot. Co-bots help with packaging. Drones will help with distributing physical goods. Self-service robot to deliver service robot automates social presence in the front line.

All these applications aim to generate standardized, consistent and reliable outcomes. Brand logo design can be automated by a decision tree like machine learning using multiple-choice questions allowing small budget marketers to have AI assisted branding. So, this is how it will happen. According to Accenture survey 2018, 91% of consumers are more likely to shop with brands who recognize, remember and provide them with relevant offers and recommendations. Personalized marketing or one-to-one marketing is when a business tailors a marketing message to an individual based on data such as purchase history, interest and demographic information.

To make customers feel as if the company is speaking directly to them, for example, the company might address customers by their first names in emails or send targeted messages about products or services in which the customer might be interested. Today, customers appreciate when companies recognize and prove they know their customers. Their consumers expect business to cater unique experience to them. However, a good balance must be maintained between knowing your customer way too well and solid marketing. In 2018, Harvard Business Review revealed that although people want to keep their information secure online, they still value personalized and meaningful marketing experience.

So they want both of them. Secure online information and meaningful and personalized marketing experience. Thinking AI for personalization. Input thinking AI is designed for processing data to arrive at new conclusions or decisions. So here they are input, process and then it goes to the output. Process, the data are typically unstructured.

Thinking AI recognizes patterns and regularities in data. For example, text mining, speech recognition and facial recognition. Then thinking AI process data using methods such as machine learning, neural networks and deep learning, neural networks with additional layers. The output is collecting, analyzing and effectively using information about consumers' demographics, interests and behavior that helps brands to contextualize the message, offers and experiences they deliver according to each visitor's unique profile. Most common application of thinking AI are various personalized recommendation systems such as Netflix movie recommendations and Amazon's cross-selling recommendations.

The relationship between brand and customer is a unique one that can have positive outcomes for both the parties. So, this relationship will continue if it have the positive outcome for both the parties. AI can help in building brand community based on trust and loyalty. So, customers develop relationship with brands and think of them as partners. Then brands become more human to customers and obtain meaning and value.

So this is how this relationship will continue. Feeling AI for relationalization. Feeling AI provides relationalized benefits. For example, personalizes the relationships due to its capability to recognize and respond to emotions. It is suited for any marketing function or activities that require interaction and communication with the goal of relational benefits when customer lifetime value is high.

Brands using Feeling AI for a broad range of marketing activities that involve feeling such as customer service and customer satisfaction, customer moods and emotions and customer complaints. Feeling AI can be used to understand existing and potential

customer needs and wants. Existing and potential customer needs and want for example who they are, what they want and what their current solutions are. The major distinction between market analysis that is discussed earlier in chapter 3 and customer understanding is that the latter often involves emotional data about customer sentiments, feelings, preferences and attitudes. Thus, Feeling AI can do a better job of understanding customers than mechanical and thinking AI can do due to its ability to analyze emotional data.

For existing customers, brands can use Feeling AI to answer the question of whether they are happy with the product and why. For potential customers, brands can use Feeling AI to understand what they want and why they are happy with competitors or outside or other options. Now let us look at the limitations of AI for branding. The applications of multiple AI intelligences as discussed are not without their limitations. So, limitations of mechanical AI are, although current mechanical AI has the strong capability of collecting and integrating multiple sources of data anonymously, very often context of the data is lost that creating problems in modeling especially for emotional data.

The automated processes of data collection also makes customer intimacy less achievable because it is a machine talking to machines and no human is involved. Therefore, the customer intimacy is lost. What are the limitations of Thinking AI? Current Thinking AI though powerful may not be neutral and transparent which can result in biased recommendations or entail unintended consequences. Although using Feeling AI for a two-way interaction involves humans and for analyzing human feelings and emotions is common in marketing. Due to its high touch nature of many marketing functions, frontline interactions, customer service, emotional ad appeals, we do not yet have true emotional machine that can recognize, act and react to human emotions appropriately.

Brands and AI Quality So, let us start with understanding AI quality. AI is not just a standalone piece of technology. It is able to carry interactive features and undertake complex tasks of some intelligence similar to human and often can provide services that human provides. Therefore, AI performance also needs to be estimated in terms of service quality. From the service quality perspective, as AI is a technology-based service, information and system quality are important measures of its success.

AI quality cannot be analyzed and understood without system quality and information quality measurements. Information quality is the user's perception of the quality of information provided by AI. AI information quality is manifested in the levels of accuracy and currency. Accuracy refers to whether the information is correct while currency indicates the degree to which the information is up to date. AI information quality reflects the brand's ability to minimize users' efforts in processing information.

For instance, AI-powered applications like Siri, Chatbots and other automated messaging tools need to provide information that is as accurate and updated as possible to effectively answer customers' queries. Similarly, AI-powered e-travel agents that are helpful in managing travel plans, renting cars and book hotels need to provide current and accurate information to meet customers' requests and demands. Another aspect of AI quality is system quality, which refers to user perception of the functionality of AI and is expressed through flexibility, reliability and timeliness of the system. Reliability is related to the dependability of the system's operation, which reflects minimum technical errors or glitches. Flexibility involves the way the system adapts based on the changes of user demand and timeliness refers to how quickly the system responds to requests for information or action.

AI usage is largely facilitated through an effective technical infrastructure. When an AI system is perceived as reliable, provides easy and flexible way for users and responds in a timely manner, it tends to enhance user involvement. In this regard, AI system quality can be considered a strategy to lock in users. Now let us look at AI quality and brand relationships. Social identity theory indicates that strong consumer-firm relationships are established on the basis of consumer identification with the company.

Customer-brand identification refers to perceived oneness with or belongingness to an organization. AI quality can influence the relationship between customers and the brands through the accurate and current information and reliable, timely and flexible service generated by AI. When AI quality is high, customers tend to be satisfied with the service provided by AI, having their self-definitional needs fulfilled and postulate positive identity towards their brands, thereby increasing their sense of identification with the company. So that is increased, added. Using customer data, AI can help facilitate customers' decision making via automated suggestions incorporating accurate and current information.

Another aspect of AI system quality is its ability to provide prompt, dependable and adaptable recommendations that match customer needs and wants, supporting them in planning and making a decision. Moreover, the quality of AI represents a firm innovativeness which will impact customer perceptions of the organization. Use of advanced technology can increase brand attractiveness, which in turn drives customer-based identification. The more brand is attractive, the more customer-brand identification is there. Thus, AI quality appears to be indispensable for the identification between customers and the brand.

Customers tend to identify with organizations that actively engage in providing high AI

service quality. So, to conclude, we have discussed what makes a brand and its implication. We studied the role of AI in building strong brands in the modern day. Then we have discussed the application of mechanical AI for standardization of brands. Thinking AI for personalization of brands and feeling AI for relationalization of brands.

We have also discussed the limitations of AI for branding. Then we have discussed that not only implementing AI, but AI quality is also important for brands. AI quality is understood in terms of system quality and information quality. We then find that AI quality is also important for brands. We then finally discussed about the link between AI quality and brand relationships.

So, we have talked about system quality and information quality, which are a part of AI quality and then how both of them affect brand relationship. And these are the 7 sources from which the material for this module was taken. Thank you.