AI in Marketing

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Lecture 51-AI and Marketing Channel Management

Welcome to this NPTEL online certification course on Artificial Intelligence and Marketing. And now we will talk about module 51. So as you can see from this slide, now we are talking of AI and its role in marketing channel management. These are the things that we will cover in this module. So first is to understand the importance of value delivery and the recent use of AI for the same. The second is to study AI and marketing channel management.

The third is to understand hybrid marketing channels. The fourth is to understand what AI means for channel management software. And the fifth is to study AI driven channel partner ecosystem. Now let us look at the role of AI and delivering value.

Delivering value, a business is a value delivery system and marketing is essentially an exercise in value creation and delivery. So now let us look at what marketing is. Marketing is the activity, set of institutions and processes for creating, communicating and delivering and exchanging offerings that have value for customers, client partners and society at large. So this is the definition given by American Marketing Association. So a business is a value delivery system and marketing is essentially an exercise in value creation and delivery.

Marketing is successful when it provides something valuable to the customer. Delivering value in marketing is the process of creating and delivering something that customers find valuable. It is about meeting customer needs and expectations and learning how they change over time. So meeting and then understanding how they change and then again meeting. So this continue.

The best businesses in the world deliver the value they have promised to their customers in ways that surpasses the customer's expectations. Customers like to get the benefit of their purchases quickly, reliably and consistently. Value delivery involves everything necessary to ensure every paying customer is a happy customer. Order processing, inventory management, delivery fulfilment, troubleshooting, customer support, etc.

Successful value delivery at all customer's touchpoints is essential in furnishing a superior customer experience and creating a satisfied and happy customer.

Successful value delivery. While this successful will be will mean different to different customers. Marketers deliver value through marketing channels. Successful value creation needs successful value delivery. Instead of limiting their focus to their immediate suppliers, distributors and customers, holistic marketers are examining the whole value network including their suppliers, suppliers upstream and their distributors, customers downstream.

Now let us look at marketing channel management. They also look at how technology is changing the way customers, shop and retailers sell and finding new and different means to distribute and service their offerings. With the advent of e-commerce that is selling online and m-commerce that is selling via mobile devices, customers are buying in ways they never have before. Companies today must build and manage a continuously evolving and increasingly complex channel system and value network. Continuously changing because customers' needs are changing and increasingly complex channel system and value network.

Now let us look at AI and marketing channel management. What are marketing channels? Most producers do not sell the products directly to the final users. Between them, they stand a set of intermediaries performing a variety of functions. These intermediaries constitute a marketing channel also called as trade channel or distribution channel. So manufacturer to consumer does not happen and in between there are several other people involved which are called as marketing or distribution channels.

Marketing or distribution channels are set of interdependent organizations participating in the process of making a product or service available for use or consumption. They are the set of pathways a product or service follows after production, culminating in purchase and consumption by the final end users. The value chain is a mixed bag of businesses, workforce and software. AI in supply chain and AI-based channel management can usher in elements of flexibility combined with profits into this chaotic landscape. Artificial intelligence and channel management is also a welcome shift because of the pandemic.

COVID-19 has laid bare the unpreparedness of distribution channels for emergency situations. Thus, only 2% of companies said they got prepared for the pandemic. Another 57% of suppliers reported serious disruptions that required long recovery. AI in marketing channel management refers to smart machines capable of performing problem-solving tasks. Usually, machine automate processes so they can operate with no human participation.

Companies using AI in the distribution chain aim to make channel management more. First is instrumented machine-generated data flowing out of Internet of Things devices.

Second is interconnected that is extensive connectivity for better decision making. And the third is intelligent smarter and more precise assumptions with the help of advanced analytics and modeling. So, these are the three I's instrumented, interconnected and intelligent.

Now, what are the benefits of using AI in channel management? The first is improved efficiency. AI can help automate repetitive tasks which will help in freeing up employees to focus on more complex tasks. The second benefit is better decision making. AI can help businesses make better decisions by providing insights into customer behavior, market trends and other key data points.

Increased accuracy. AI can help reduce errors in data entry and other manual processes. Enhance customer experience by providing personalized recommendations and other services. AI can help improve the overall customer experience. Now, let us look at the tools for AI in marketing channel management. Microsoft Dynamic 365 is a AI-powered solution that helps distributors sell more, grow profitability and improve productivity.

H2O.ai helps organization find the best mix across the supply chain while reducing cost and increasing production speed. Proton AI provides AI-powered solutions for inventory management, order fulfillment and demand forecasting. Now, let us look at examples of AI in delivery channel. Walmart is using AI to optimize its supply chain and improve inventory management. The company has developed a machine learning algorithm that can predict which products are likely to run out of stock and then automatically reorder them.

Amazon acquired Kiva Systems in 2012 and changed its name to Amazon Robotics in 2015. Today Amazon has 200,000 robots working in their warehouses in 26 of Amazon's 175 fulfillment centers. Robots help human in picking, sorting, transporting and storing packages. DHL deployed internally developed DHL transport network optimizer which uses big data and AI for optimizing delivery channels. The tool analyzes data to create larger, more efficient full truckload shipments and identifies opportunities to right size dedicated fleet and drivers and further reduce empty miles.

Empty miles are those distance that carrier move without load. So it, so the whole idea is that no one is paying for those miles. It consolidates shipment into lower cost truckload lanes with deconsolidation in the final mile further reducing empty miles. It also identifies any opportunity for a carrier to pick up freight on its return trip. The tool can be applied to large networks with single or multiple distribution centers.

Now what are hybrid marketing channels? Hybrid marketing channels are a multichannel distribution system in which a single firm sets up two or more marketing channels to reach one or more customer segment. In this model, the manufacturer has the partnership with intermediaries but it still takes control when it comes to contact with customers. One

example of hybrid channel is brand that promote products online but don't deliver them directly to the customers. Now let us see what AI means for channel management software. What is channel management software? Over the past decade, we have seen the rise of channel management software.

The primary buyers of channel management software have been large enterprise organizations and they have invested enormous amount of time and resources to customize channel management tools in order to better manage various sets of channel activities. Most recently, there has been a rise in the deployment of more purpose-built, easy-to-use channel management software systems for providers like Zinfy as well as few other players in the marketplace. Channel management is a set of activities including resource allocation in which an organization defines and manages marketing and sales processes, people, policies and platforms to deliver goods and services indirectly through partner organizations. The goal of these activities is to maximize revenue at the lowest possible cost. Some organizations have end-to-end internally owned channels as well but most firms rely on partner channels in one or many capacities.

The core purpose of channel management software is to increase productivity by managing a set of channel partners which involves enabling, training and engaging partners in a better way to drive higher revenues at lower cost. Channel management tends to focus on a set of five core activities. First is partner recruitment, second is onboarding the partner, the third is training, fourth is demand generation and the fifth is performance management. State of art channel management software must be able to address all these activities.

So that is the bottom line. So if you are developing a state of art channel management software, it should cover these five points that is partner recruitment, onboarding, training, demand generation and performance management of the partner. So what AI means for channel management software? There has been a lot of hype around AI and its potential to transform partner ecosystems and channel management software. While AI does offer many benefits, it is important to separate hype from reality and understand what AI can realistically achieve in the context of partner ecosystems. AI can help partners share data insights and best practices more effectively and that will lead to greater collaboration, one of the most important benefit of channel management software. So that is the biggest thing that a channel management software should do that is collaboration.

AI has the potential to improve operational efficiency by helping partners automate routine task, streamline workflows and reducing cost. Because AI can automate order processing, inventory management and customer service. AI also has a significant impact on new AI-powered marketing strategies to and through the channel. AI can personalize and optimize the customer experience by providing personalized recommendations,

answering customer inquiries, resolving issues more quickly. Personalization is a critical way to cut through the clutter in transacting partner relationships.

However, it is important to recognize that there are significant challenges to be addressed including data quality, trust and transparency, integration and interoperability. AI search in channel management software. Search is important in channel management software and allows users to discover partners, find information about products and services and identify sales opportunities. Search algorithms analyze the user query and match it with relevant documents, websites or other sources of information. AI on the other hand refers to a set of technologies and techniques that enables machine to perform tasks that typically require human intelligence such as learning, problem solving and decision making.

AI algorithm can process and analyze large amounts of data, identify patterns and make predictions. How will AI be used? AI can be incorporated into channel management software. Today AI is a better recommendation engine. However, customers will demand AI to connect the dots and integrate partners, customers, management and third party data into their channel management software. This takes the concept of hyper personalization to a whole new level.

AI can be used to analyze historical data on channel performance and predict future trends and outcomes. This can help channel managers make more informed decisions about resource allocation, partner selection and other critical areas of channel management. AI can be used to create profiles of partners based on their past performance or engagement which helps channel managers identify high performance partners, understand their needs and preferences and personalize their support. AI can be used to analyze content performance and optimize content for specific partners or audiences. This can help channel managers improve engagement and conversion rates and drive more revenues through the channel.

AI can be used to automate collaboration with partners, freeing up channel managers to focus on more strategic activities. For example, AI powered chatbots can be used to answer common partner questions. While AI powered email campaigns can be used to nurture leads and drive sales. Will AI evolve to predict partner models? Partner models are complex, dynamic systems that involve multiple partners, customers and other stakeholders. AI can help partners analyze data, identify patterns and make predictions about how these systems will behave over time.

For example, AI can be used to analyze historical sales data and identify trends and patterns in customer behavior, identify trends and patterns in the consumer behavior. It can then use this information to predict future sales and adjust pricing and marketing strategies accordingly. Similarly, AI can be used to analyze partner interactions and

identify patterns in collaboration and communication. It can update channel management software and use this information to predict which partners are likely to be successful and which ones may face challenges. What are the challenges involved? While AI offers many benefits for channel management software, there are some challenges.

The first of such challenge is data quality and availability. AI algorithms rely on high quality data to produce accurate results. In many cases, partners may have different data formats, structure and quality standards making it difficult to integrate data from multiple sources. The second is trust and transparency. AI models can be complex and opaque, making it difficult for partners to understand how decisions are being made.

This can erode trust and create concerns about bias, privacy and security. So, whenever we are using AI, these are primary concerns. Bias, security and privacy. Another challenge is that of integration and interoperability. AI solutions must be integrated with existing systems and workflows to be effective.

How are partners may use different technologies, platforms and APIs, making it difficult to create seamless integration. The next challenge is about regulatory and ethical considerations. AI solutions need to comply with various regulations and ethical standards such as GDPR, HIPAA and AI principles. Partners may have different legal and ethical obligations, making it challenging to develop AI solutions that meet all requirements. AI can be integrated into channel management software and used for predicting partner models, creating collaborations, analyzing current performance, creating partner profiles.

Strong collaboration, governance and standards are needed to ensure the responsible and effective use of AI in the partner ecosystem. Now, the AI driven channel partner ecosystem. AI driven channel management will help to streamline and improve efficiency of partner management tasks, analyze large amounts of data and make predictions based on that data. AI is transforming the way business interact with their customers and partners. Some of the key benefits achieved by implementing AI based partner management are, first is partner profiling.

AI will help vendors identify the best partners in your ecosystem on a variety of leading and lagging indicators, markets, fit and program performance. The second is partner insights. AI will help vendors monitor performance of their partners along a variety of metrics and provide insights as to what partners are the best fit. The third is partner management. AI will help vendors improve the accuracy of data they collect and analyze on their partners to gain a deeper understanding of their partners and provide a better experience overall.

The fourth is compliance management. AI will automate the collection and analysis of partner performance to provide real time dashboards and take actions based on metrics.

The fifth is funnel management. AI will analyze sales data and provide more accurate real time forecasting, just in time resources, resourcing and decision making. The sixth is business insights for partners. AI will help partner optimize the customer success experience to analyze customer behavior, demographics and purchasing history to provide more complete understanding of the customer.

This information can then be used to create more targeted and personalized marketing campaigns. The seventh is business insights for partners. AI will help partners optimize the customer success experience to analyze consumer behavior, demographics and purchasing history to provide a more complete understanding of the customer. This information can then be used to create more targeted and personalized marketing campaigns which can increase engagement and improve conversion rates.

The eighth is customer success. AI brings this to new heights. Imagine helping your partner understand how best to service your joint customers, not just providing telemetry data, but proactively finding and nurturing new opportunities within your joint accounts. And the ninth is data strategy. I don't think I have come across one vendor who has perfect data on their company, their partners and their customers. Siloed databases will be a thing of the past as AI lets you just feed the AI engine the information and the AI platform will organize for us and make all the data actionable and insightful.

Overall, AI will be a predictor of success and a provider of next steps. So, to conclude, in this module, we have studied marketing channel management, hybrid channels and value delivery and the application of AI in the same. AI driven channel management is an exciting and rapidly involving area that has potential to transform the way businesses interact with their customers and partners. With the ability to automate routine tasks, analyze large amounts of data and personalize the customer experience. AI can help businesses improve efficiency, increase revenue and drive business growth.

And these are the 10 references from which the material for this module was taken. Thank you.