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The new era of marketing and how it is perceived by customers

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Abstract

As internet is becoming more and more accessible around the globe, the amount of online shopping is on the rise as well. The increasing use of these platforms has given companies multiple different ways to market their products and technological advancement does not stop there. Artificial intelligence is becoming a more prevalent tool in marketing, and it has already reached the point where some countries have started to regulate data collection. Because artificial intelligence is dependent on the data, it cannot be used everywhere. But wherever data sets are available, artificial intelligence might already be there.

A literature review was used to highlight how marketing has changed over the years. To support these findings, secondary data was collected via a survey. 100 answers were collected within a week and the answers aimed to find out what the current situation is like – how much of artificial intelligence is currently being used in marketing and how customers react to it. The respondents were chosen by the author and majority of them were within age group that is known to use online shopping the most. This was done to provide as accurate results as possible. The results were then analyzed and compared to the findings of the literature review. A similar, more in depth survey was also used to validate the results and to draw conclusions from.

The results were comparable to earlier research done related to the topic and this allowed the author to reflect on the findings of the literature review. The research question was then answered using a conclusion from both, the research and the literature review. In the end, the uses and the limitations of the research were discussed and suggestions for future research were provided.

Keywords/tags (subjects)

Artificial intelligence, AI, marketing, data, customer behavior, online shopping.

Miscellaneous (Confidential information)

Due to the anonymity of the survey, no confidential information was used.

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1 Introduction

Nowadays companies spend considerable amounts of money for various tools of marketing and recently some of these tools have started to apply artificial intelligence in their functions. For example, personalized advertising and content marketing based on consumer's past purchases, searches and consuming habits of goods and services are some of the tools more and more companies have adopted. According to the current trend, investing in artificial intelligence adopted marketing will only grow in the future, as a result of further technological advancements and people being more accessible to the internet and various devices using information technology, not only in the developed countries but also in the developing ones.

One major company that has started embracing artificial intelligence in their operations is the world-known fast food chain McDonald's. In their 2017 growth plan they stated the following: "enhancing digital capabilities and the use of technology to dramatically elevate the customer experience" (Marr, 2018), this statement and the actions the company has taken in the recent years shows how the company is willing to commit to technology. A clear indication of how much companies can benefit from adopting new technology and the use of artificial intelligence can be found, for example in the case of McDonald's. The company's average spending went up by 35% with customers, who used the app provided by the company (Marr, 2018).

Another great example of a successful company that has adopted artificial intelligence in their marketing operations is Amazon, one of the largest corporations in the world. They were among the pioneers of the field in using the latest technology in their marketing and have since constructed refined and multifaceted algorithms that suggest customers not only based on their own purchasing history, but also with several other factors (Marr, 2021).

1.1 Research approach, objectives and questions

How has artificial intelligence shaped marketing approaches?

Past research has been done about how traditional ways of marketing affect consumer behavior and that information will be used as a base in this paper to which newer information will be compared to. Artificial intelligence instead is a part of a newer era of digital marketing that has not existed for nearly as long as its traditional counterparts. Therefore, this paper is going to review the research that is already being done and a survey will be conducted to gather data from consumers about how often they have been facing artificial intelligence based marketing and what kind of experiences they have had with it.

1.2 Structure

The introduction serves as a small information package regarding the current shift in marketing practices. After this, a literature review will be used to first form a starting point with traditional marketing and then to highlight the differences brought by artificial intelligence.

After the literature review, a methodology section will be used to provide information about the research methods and structure as well as how the data was collected and analyzed. Since a survey was used, the process will be explained thoroughly, including why the questions were chosen and what was the purpose of the research. The results will then be analyzed and explained in the results section and main findings will be brought up. The paper will then be summarized in the conclusion part, to provide a full answer to the research question at hand.

2 Literature review

2.1 Introduction

It is commonly known that advertising is the most visible way of how companies try to market their products and services. The target of these advertisements can be either consumers or business entities. The history of advertisement dates back all the way to very beginnings of recorded history, for example in Ancient Rome people used to paint walls to promote gladiator fights (Kotler, Armstrong, Harris & He, 2020, p. 450). Obviously, these early efforts of marketing were not comparable to what it is now. Businesses spend astronomical sums of funds into advertising globally, for example in 2017 the global expenditure on advertisement was just under 535 billion USD (Statista, 2018).

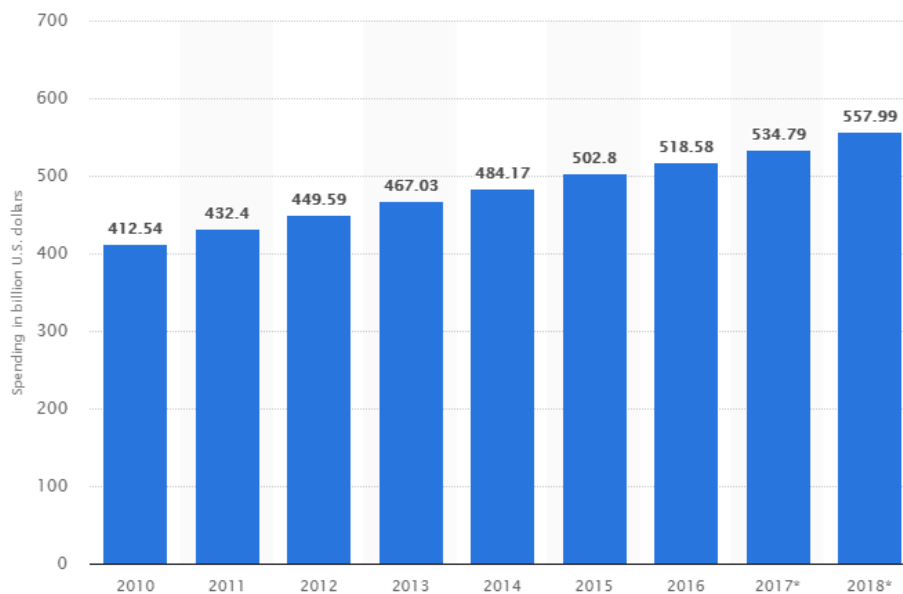


Figure 1. Expenditure on advertising (Statista, 2018)

The most money spent on advertising is still in the United States market, however Asian market is growing rapidly in terms of advertisement expenditure. (Statista, 2018). The graph above indicates how during the last seven years expenditure has grown by over 100 billion USD. This highlights the fact that advertising is a vitally important function for businesses, because of the positive outcomes it provides. In the book *Principles of Marketing* Kotler, Armstrong, Harris & He (2020) define

advertising as “Any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor” (p. 421). For business firms the primary goal of advertisement is to increase exposure, create brand awareness and increase sales. Although, non-profit companies and other entities do advertise as well, their main goal is not the same as business firms’ in a sense that for them exposure and spreading their message comes before financial gain. In many countries non-profits and governments are the biggest spenders in advertisement, for example in 2010 US federal agency spent nearly 950 million USD (Kotler, Armstrong, Harris & He, 2020, p. 450).

2.1.1 Media Selection in traditional marketing

By going back in time, it is easy to notice how the selection media that was available back then was quite different than what is present nowadays. Businesses put a lot of time and thought in deciding, which or what media of advertising they are choosing to conduct their marketing through. This is a very important phase for companies to reach the consumers they are targeting. Traditional methods that used to be highly practiced have changed with the introduction of new technologies and social media. For instance, advertising through newspapers, radio, TV and billboards are now accompanied by the newer channels; social media, various different platforms ranging from video streaming service YouTube all the way to business and employment-oriented platform LinkedIn (Shankar & Hollinger, 2007, p. 1, 38-39).

One challenge for companies nowadays is to select the media through which they are conducting their advertising. Selection of media matters, because through different platforms it is more likely to reach certain groups of people. We are currently undergoing possibly the biggest change that the entire industry of advertising has ever seen. Since the emergence of internet and mobile devices that are connected to the internet as well as different social platforms, companies have started to create content for those channels, because they provide companies access to broader audiences and ability to target their advertisements more accurately at the same time as well (Shankar & Hollinger, 2007, p. 1, 38-39).

2.2 Effects of advertising

Everyone has their own opinion on advertisements in general; some absolutely hate them, some do not mind them or even find them useful from time to time. But what if we go deeper than the basic emotions that we get right after seeing that annoying flyer that someone handed us? What are the actions we take after seeing a relevant advertisement?

There are six fundamental goals that advertising campaigns aim to achieve:

1. To score attention, during which consumer is first informed and made aware of the brand or their offerings
2. To arose interest, a consumer wants more detailed information, for example from the company's website or other platforms, where company shares its information
3. To develop and sustain that interest
4. To create desire, consumer has been shown the upside of this product in comparison to its competitors
5. To incite action, during this stage consumer has an opportunity to make the purchase
6. To create goodwill (Kotler, Armstrong, Harris & He, 2020, p. 428).

The first point is obvious, being noticed by customers is the starting point of advertising. After that, the next step is to make customers interested enough in the product or service to look for more information. This information can be provided via multiple channels, like for example social media. Third step is to take this interest further and make it last using the content provided via the aforementioned channels.

Step four is transitioning to the action phase. Creating desire for the customer to own the product over other competitors so that it can then turned into action in the next step. Providing the consumer a way to make the purchase, whether it is through a webstore or showing the availability in a physical location. The last goal is these consumers making the purchase which turns into profit for the company that advertised the product.

Sometimes there might be an instance where company launches a public relations campaign, trying to improve their public image, in these situations the traditional fundamentals and phases of advertising are not always present (Kotler, Armstrong, Harris & He, 2020, 450-454).

2.2.1 Brand awareness

One positive effect marketing can create in people's minds is raised brand awareness, which in optimal situation helps consumers to remember the brand and drives them to make future purchases within the same brand due to it being familiar to them. After a pleasant customer experience some customers might spread positive message about the brand itself to their friends and family, and nowadays increasingly to the greater public by posting encouraging social media and internet-based reviews and posts. In best-case-scenario this creates a positive cycle, which starts to feed itself as more and more people scatter the positive brand message (MBA Skool, 2018).

2.2.2 Information sharing and increasing sales

Spreading information about new products or services can be crucial especially for a start-up company. Advertising in the beginning gets you the first attention you need to start building up your customer relationships. When those new customers are handled correctly and receive a positive experience, they might share it with other resulting in more potential customers.

At later stages, when a company has already built its customer base, advertising can be targeted only towards your current customers, which can be useful when the aim is to increase the customer loyalty. This can be done through different kinds of discounts and special sales only announced for the ones who are a part of a membership program. For a business building strong relationships with existing customers is important part of the business, because retaining existing customer is according to some studies up to 5 times cheaper than attracting new customers to your company (Saleh, 2018). When a company can retain the right profitable customers as a result their profits can grow significantly according to the article in Harvard Business Review, where they cite research done by Frederick Reichheld of

Bain & Company, increasing customer retention rate by 5 percent increases overall profits by 25 to 95 percent (Gallo, 2014).

On top of all these positive sides, increasing sales is the main reason why advertising is done. Not only does advertising help getting your brand out there but a successful marketing campaign also increases a company's sales. After all, sales are the only function of a business firm that brings money into the company. Other aspects such as production, administration etc. are only spending money (Kotler, 2015, p. 25). How much advertising affects sales is obviously very difficult to measure accurately since it is not the only factor.

2.2.3 Misrepresentations

Another negative impact of advertising is so-called misrepresentation, which essentially means a product or service that is being advertised in a way that does not give honest picture of the product or service at hand. For these instances we can use the example of Volkswagen, the German car manufacturer that was caught of false advertising regarding the emission levels of their diesel cars in 2015. The company had falsely reported the amount of emission their cars left to the environment, as they advertised their car as a "clean diesel". This action cost the company millions of worth in the stock market, and at least for a while they lost the respect of the general public as consumers lost the trust towards the brand (Federal Trade Commission, 2016).

2.2.4 Exaggerated effects

Sometimes advertisements exaggerate the effects of a product. This is most often seen in the beauty and health products, where the before and after results can be altered to make the product's effects look much more appealing. This can create unrealistic expectations that can make customers buy the product and feel disappointed afterwards because they do not receive the results they were promised. Some companies use different kinds of disclaimers that explain where the results come from, but those are usually very small and hidden somewhere on the product (Wroblewski, 2018). Companies must nowadays pay attention on what they are promising, because of consumer protection act and other laws. For example,

looking at the case of Red Bull was sued due to their slogan “Red Bull gives you wings”, and were forced to settle the case in the courts (Duggan, 2014).

2.2.5 Deceptive packaging

Deceptive packaging means situations where a product or service is advertised to be something completely different than what the customer will receive. This includes misleading illustrations and colorization as well as describing the product’s features and size in a misleading manner (Kotler, Armstrong, Harris & He, 2020, p. 618).

Consumers make purchase decisions based on perceived value they have towards the product or service. If these values are not met, consumers tend to be unhappy towards the product or service. In a worst-case-scenario, this distrust can be targeted towards the brand or the entire company that is behind the product offered to the market.

Consumers are being protected against false advertising much more than in the past. During the early days of marketing, companies were given a complete freedom to market their products without any sanctions. Nowadays there are multiple regulations and rules companies must follow. For example, on the European Union level there have been directives put to place to disallow companies from promoting their products using misleading advertising. The purpose of this act in the EU level is to establish a level playing field, where consumers and companies are both protected (European Commission, 2006).

2.3 Consumer decision making

The process starts from consumer realizing they have a problem or need for something, after which they start to seek information on how to resolve this issue at hand. They look for various options and determine, which one suits them the best. In this stage consumers tend to ask other people’s opinions and experiences, nowadays online reviews and posts about certain brands are a major part of this (Belch & Belch, 2008). After purchase decision consumer starts the post-purchase evaluation process, during which they form an opinion based on their experience with the product or service at hand. From that they form either a positive or negative

approach towards the certain product or service. If the opinion is positive there is a chance that they recommend, in case of negative attitude the outcome is the opposite (Belch & Belch, 2008).

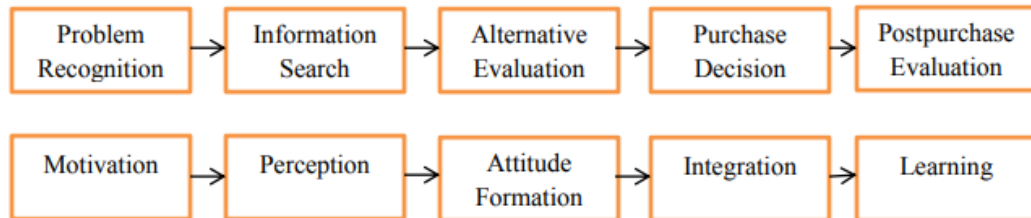


Figure 2. Consumer decision making process (Belch & Belch, 2008).

There are four viewpoints for why consumers behave the way they do:

- An economic view, consumer purchases product that they see to be high in value after looking closely to other options,
- Passive view, which depicts that consumers are submissive to marketing, according to this consumer make irrational and impulsive purchases,
- Emotional view, tapping into the emotions of consumer to make them purchase a product
- Cognitive view, consumer who is reasoning something with rational thinking (Schiffman, Kanuk, Hansen, 2012).

The economic model implies that consumer evaluates competition between different companies and brands equally. This would lead to a well thought out decision with a balanced price to quality ratio. The consumer will instead prefer mediocre decisions as long as they are 'good enough', making the model way too idealistic to be generally accepted (Schiffman, Kanuk, Hansen, 2012).

The passive view instead, models consumer decision making from a completely opposite view. Instead of making well evaluated decisions, consumers satisfy current emotion with purchases and sometimes act as easy targets for marketing, because of their lack of opposition. In the passive model customer is often taking a neutral stand

in the purchase decision, not resisting nor initiating the purchase (Schiffman, Kanuk, Hansen, 2012).

In the emotional view model customers make decision based on their current mood. These decisions can completely disregard the need for information and instead make an impulsive purchase decision just to 'treat' themselves. These emotional decisions can be caused by various different emotion, like happiness after a success or even sadness. This mood can then transition to the purchased product, and in some cases, making them more valuable to the customer (Schiffman, Kanuk, Hansen, 2012).

Instead of making well thought out decisions like in the economical model, cognitive view suggests that consumers look for information until they reach a satisfactory point. At this point, the consumer feels capable of making a reasonable decision between the available products, instead of finding out every single detail related to them. This type of information processing develops preferences towards the brands that got chosen over others and forms habits that allow faster decision making during the information search (Schiffman, Kanuk, Hansen, 2012).

2.4 Differences between age groups

The following chapters we are going through how consumer behavior changes and/or differs in different age groups starting from children to adults. Naturally one major difference is the amount of disposable income at their use, but we also examine the psychological response these different age groups have towards advertising.

2.4.1 Children

Since a huge part of advertising is based on psychology, its use on children is very questionable. Children are known to be easily influenced, which makes them easy targets for many different types of product advertisements. This causes problems when advertisements that are not necessarily meant for children as shown in between shows and events that are meant for the whole family to watch, like for example sports events. These can sometimes include advertisements that promote unhealthy or harmful products (Jolly, 2011).

When companies advertise something that is targeted towards children, they must keep in mind that it's usually the parents that make the decision, because in the case of children, they are usually the ones with the monetary possessions to purchase the product or service. This means that advertisements that are generally targeted towards children also affect adults (Jolly, 2011).

2.4.2 Adolescents

The adolescents as an age group are somewhat similar to children's, their ability to make decisions is better but still not fully developed. This causes some problems when the adolescents have money that they can spend on whatever they feel like, sometimes even without their parents being aware of it.

Even though alcohol advertisements are nowadays targeted towards customers over the legal drinking age, other age groups still receive the same advertisements. Alcohol is advertised to be a part of everyday life, like for example meant for relaxing and adventurous moments. This combined with teenagers having money and groups having tendency to make not so smart decisions certainly affects the alcohol consumption of the adolescent. Other risky categories are unhealthy foods, gambling, and smoking. All of which are very popular amongst young people who can spend their own money on whatever they decide to (Weier, 2017).

The adolescents still receive a fair amount of advertising ranging from foods and drinks all the way to clothing and games. They are still mostly under their parents' influence, so their purchasing is somewhat limited, but they still possess their own money and are able to spend it more than children do.

2.4.3 Adults

Adults are the age group that receives all kinds of different advertising. This is not only limited to adulthood related products or services, because most adults have kids who cannot buy their toys and clothing alone. This means that adults receive advertisements that were mentioned in the previous age groups too (Kotler, Armstrong, Harris & He, 2020, p.77-81).

Adults have full access to their money and are old enough to spend it on whatever they choose to. This makes them easy targets for all kinds of advertising, including but not limited to, alcohol and cigarettes, cars and even properties. Like mentioned above, adults also keep their eye on advertisements that are targeted towards other age groups because they are usually the ones buying the toys and funding most of their teenage kid's purchases (Kotler, Armstrong, Harris & He, 2020, p.77-81).

Being affected by all the possible advertisements, adults are the easiest age group to track behavior of. Increased brand awareness and products that almost certainly require the customer to see the product or service itself are one indicator of successful marketing campaign. These kinds of products could for example be cars and houses. Customers will most likely want to inspect and test drive the car they are interested in, so increased number of visitors in the car retailer is a simple way to track that (Kotler, Armstrong, Harris & He, 2020, p.77-81).

2.5 Cultural differences

Just as there are differences within one country there are significant differences if we examine the impact of advertising on consumer behavior across the globe.

Traditionally US and the "west" in general has been portrayed as more individualistic than Eastern countries and Africa (Spelich, 2017).

One significant difference is the amount of online purchases and shopping people do in China compared to the global average (Spelich, 2017). According to PricewaterhouseCoopers, at least 60% of Chinese shopped online once a week, as the global average is around 21% (CIW Team, 2014). In recent years as social media and internet has risen in more parts of the world, also in China consumers get and seek guidance and recommendations from online communities, as well as the traditional frame of reference that is consisted of family and friends (Spelich, 2017).

2.6 Consumerism in change

We must recognize that the entire human behavior is in the phase of large change, as technology is more present in our everyday lives. Social media, constant news and

the blur of information that is around us constantly makes our attention spans to get shorter, what this means for advertisers is that catching consumer's attention and getting positive results out of it has become more complicated. On top of that, there has never been more advertising in use than there currently is, this makes it hard for a company to distinguish itself from its competitors and other advertisements. The main role of advertising is to present the value product or service would add to the life of consumer, if company fails to do this it is unlikely that consumer makes a positive purchase decision towards that brand (Golden, 2018).

Another large change for global companies is the growing middle-class in many parts of Asia and Africa. This development demands companies to refine and adjust their marketing in these regions of the world. In China alone there are more consumers than in the entire Europe and America combined. It also has a growing middle-class with enormous spending potential (Wiseman & MacLeod, 2009). Right now, most of the spending Chinese consumers do is mostly necessities such as food and clothing items, but in the future, there will be more people with more disposable income, which will spend on items such as luxury and so forth (World Economic Forum, 2015).

2.7 Artificial intelligence in marketing

The following chapters will go through the basics of artificial intelligence (AI), its current uses and future potential in marketing. This literature review will use the traditional marketing as a starting point and aims to highlight what has changed as well as point out the new features brought by the integration of AI. Since AI as a topic is fairly new, not nearly as much research has been done on it compared to the traditional ways, a survey will be used to gather data from real life situations.

2.7.1 What is artificial intelligence?

As described by Hal Conick (2017), artificial intelligence is a computer algorithm that allows them to execute intelligence requiring tasks like learning, planning and reasoning. By analyzing sets of data, computers can learn to notice patterns and for example, offer recommendations according to previously paired products. The learning process is based on the data it is given and thus does not need to be

reprogrammed even if the purpose of it will completely change. This whole process can happen very quickly, which makes it an incredibly flexible tool (Conick, 2017).

2.8 Customer profiles instead of segmentation

AI can handle massive amounts of data and is therefore able to keep track of individual customers unlike traditional marketing which uses broader group of customers as its target audience. This makes the data of an individual customer much more valuable and worth tracking. Combining internet activity with an identity and demographic profile allows AI to keep track of customer profiles which can later be used for personalized marketing, like for example, personalized advertisements and webstore product recommendations (Wiedmann, Buxel & Walsh, 2002). This new way of targeting advertising also comes with a disadvantage of not being applicable to public spaces like traditional advertisements. The requirement of personal data obviously makes it impossible to show personalized advertisements to everyone in the public space at once.

2.9 Uses for AI in marketing

The same goals of marketing still apply when AI is introduced. AI marketing aims to provide the same effects as traditional marketing, but in a more effective way. This is achieved by improving targeting from segmentation to personalized advertising and reducing the amount of work which previously required employees.

2.9.1 Personalized advertisements

Using customer profiles to personalize advertisements towards individuals instead of broader customer segments makes them much more likely to show success. While traditional marketing uses these segments for mass marketing, AI customizes advertisements based on behavioral data collected from previous internet activity like searches, comments and tweets. AI can then match the personalized advertisements with these past actions to provide similar content, even if it does not directly match the customer's actual needs but instead, their points of interest. This method might still produce unwanted results since AI matches the advertisements

with the customers previous actions and not their current ones (Deng, Tan, Wang & Pan, p. 357, 2019).

Google Ads is a great example of this type of targeted advertising service. It adds relevant advertisements to Google's search results and other websites owned by Google like Youtube. These advertisements are shown based on keywords used, geolocation and cookies (Google).

2.9.2 Product recommendations

AI is also great at recommending relevant products as proven by Amazon. According to American Marketing Association, in 2017 a third of Amazon's business was based on product recommendations (ama.org). These AI generated recommendations are based on previously recorded purchases by other customers unlike earlier mentioned personalized advertisements which are generated through the customer's own actions. Products that are commonly purchased together have higher relatedness while volume also influencing it. The algorithm behind these recommendations is very complex and has gone through a long research and development cycle which is fully explained in the Amazon's science blog (Hardesty, 2019).

2.9.3 AI generated ads

Using AI to generate posters for webstores became a thing in 2016, when the Chinese Alibaba launched its Luban System. It started as a powerful ad generation tool for Taobao.com and T-Mall Marketplace, reported to generate nearly 8000 posters per second. In 2018, after two successful annual campaigns and over 500 million generated posters, Alibaba started offering its services for third parties. In 2017, two notable competitors, The Leonardo Da Vinci Canvas System by Qihoo 360 and Smart Creation System by Kuaizi both started offering similar services to online vendors (Qin & Jiang, 340, 2019).

2.9.4 Anticipatory shipping

Although not fully implemented yet, Amazon has been experimenting with a system called Anticipatory Shipping since its patent announcement in 2014. The system uses consumer behavior data to predict future purchases and Amazon is therefore able to package and ship those products even before the consumer makes the purchase.

This would allow consumers to minimize the need of buying so called everyday items and also drastically reduce delivery times. In case the system fails and sends something the customer did not buy during the delivery, it can be meant as a gift (Kopalle, 2014).

2.9.5 Chatbots

Effectiveness and efficiency being the goals of artificial intelligence marketing, chatbots are a perfect application for it. They are easy to configure to handle different kinds of situations, like arranging meetings and giving product suggestions. Using AI to create chatbots for customer service purposes provides benefits for both, the company itself as well as its customers. For companies this could reduce the number of employees needed to handle customer service, since chatbots can be programmed to answer simple questions and guide customers through a website where they can find more accurate information. Customers instead get a 24-hour support, which often is not available due to employee costs. This can help customers who are not very experienced with web browsing. In addition to that, for some customers it might be easier to talk to a chatbot than contact a customer support employee (Popescu, 2020).

3 Methodology

3.1 Research approach

To gain data from the current situation that can be used to further answer the research question, a quantitative research will be conducted. Like Carrie Williams wrote in the *Journal of Business & Economic Research*: "Quantitative research involves the collection of data so that information can be quantified and subjected to statistical treatment in order to support or refute 'alternate knowledge claims'" (Williams, 2007). This is done by using a cross-sectional survey, which will provide numeric data regarding the overall use of artificial intelligence and opinions towards it.

A pragmatic approach will be taken, because of the exploratory style of the research and inductive reasoning will be used to analyze the data. This will allow the results to be viewed as a tool for practical use, which is the aim of the research. The data will be analyzed using inductive approach. These methods will allow conclusions to be drawn from the collected data and then compared with other similar surveys to get answers for the research question. Together with the differences pointed out by the literature review, these findings will provide the answer to the research question (Saunders, Lewis, Thornhill, 2008).

3.2 Research context

Personalized advertising is known to be effective and to divide opinions because of how accurate and intrusive it may be. The frequent collection of data has been on the rise for a while. It has become so prevalent that some countries have started to regulate how and how much of it is allowed to be gathered (John, Kim, & Barasz, 2018). The aim of this research is to find out how often customers encounter personalized advertising, whether they find it useful or too intrusive and get a general idea of how effective it is within this specific control group.

3.3 Data collection

To find out how widely spread artificial intelligence is in the marketing space, quantitative data is needed. Therefore a survey is a viable option to gain some knowledge about the current situation. By gathering answers related to online shopping behavior it is possible to form an approximation of how often customers encounter personalized advertisements and product suggestions while shopping and what are their opinions on them. Knowing how customers react might also help companies decide whether it is useful or not to apply artificial intelligence in their marketing.

The survey was conducted online via a website called SurveyMonkey that allows to create surveys with up to 100 responses for free. A direct link was shared to students within the author's study program by email and multiple personal groups on a social

media platform called Whatsapp. All 100 answers were gathered within a week. The response rate was not recorded, because multiple respondents received the link at the same time and the goal was to use all the available responses. No personal information was gathered from the respondents, but a majority of the 100 are known to be between the ages 20 and 30, making them the most likely to encounter artificial intelligence due to the highest amount of online shopping (Eurostat, 2020). The survey took place in Finland and therefore most of the respondents were Finnish.

Since the presence of artificial intelligence in marketing might not be obvious to the customers, a short introduction was written in the beginning, explaining what kind of situations artificial intelligence can be used in. The questions were chosen to provide information regarding the use of online platforms for shopping and information seeking, as well as opinions related to personal advertising. The survey itself was designed to so that the questions were always related to the previous one, so the survey can be made as clear as possible, therefore providing more accurate answers.

3.4 Survey results and discussion

The following chapters will go through the questions used in the survey, describing what they were meant for and what can be learned from the results. First three questions are there to ensure that the control group has done enough online shopping to make their answers useful for this purpose. The rest of the questions are more related to customers' experiences and results of these encounters.

Table 1. Questions 1, 2 and 6

Questions	Average
1. Instead of going to a store, how often do you use online platforms for shopping or information seeking?	6.2
2. How important is online shopping for you?	5.2
6. How useful do you find these product suggestions?	3.5

3.5 Question 1

First question was related to how often people use internet to either look for information or do the actual shopping instead of going to a physical store to do it. If the average answer to the first question is close to 0, the control group probably has not encountered a lot of artificial intelligence marketing, which would make the rest of the answers less accurate. If instead the answers show a lot of positivity towards online shopping, the survey will be more meaningful and will give provide useful information to analyze. The average of 6.2 means that our respondents use online platforms more often than going straight to a physical location to get information of a product or to do shopping.

3.6 Question 2

The second question's purpose is to compare the importance of online shopping to the traditional ways. Doing shopping online is faster and requires less effort, but this question aims to find out how important the option really is for customers. A low average indicates that customers do not think online shopping is necessary to have and high average would point towards it being a necessity in today's life. The average answer being around 5 tells us that online shopping has not taken over completely but exists as a very popular alternative to have. This further confirms that our control group is suitable for the purpose of this survey.

Table 2. Questions 3 and 5

Questions	0	1-4	5-9	10+
3. In the past 2 months, how many online purchases have you made?	19	68	9	4
	Always	Sometimes	Rarely	Never
5. How often do you take a look at these product suggestions?	3	58	34	5

3.7 Question 3

The third question asked how often our respondents make purchases online to gain a bit more knowledge of how effective digital advertising would be amongst our control group. Low number of purchases within the 2-month period could mean low exposure to artificial intelligence marketing since some of the suggestions are related to the previous purchases. Multiple purchases made means more possibilities for this type of marketing to show its effects.

Table 2 describes, that out of the 100 respondents only 19 had not made a single purchase online within the last 2 months. Most answers are between 1 and 4, only 13 answers being above that category. This further increases the validity of the survey, since most of the respondents have been making purchases online, thus making them more valid targets for this type of marketing.

Table 3. Questions 4, 7, 8, 9 and 10

Questions	Yes	No	Not sure	Skip
4. Did webstores give you any product suggestions during browsing or after the purchase?	83	6	11	
7. While browsing other websites, did you notice any advertisements related to your recent searches or purchases?	86	10	4	
8. Have these product suggestions made you visit their store?	20	70	10	
9. If you answered Yes, did any of these advertisements lead to new purchases? Otherwise choose skip.	7	10	8	75
10. Do you see product suggestions as a positive thing to have?	35	29	36	

3.8 Question 4

After checking the validity of the control group, it is time to move to the next part of the survey. Like mentioned earlier, questions in this section are meant to explore the use and effectiveness of this type of artificial intelligence marketing and what kind of

experiences our respondents had. The fourth question (Table 3) asks whether the respondents noticed any product or service suggestions provided by the webstore during or after the purchase. Not only does this show how much experience the respondents have had with this type of marketing lately but also gives an idea of how much of it is currently being used. 83 of 100 answers were yes, leaving only 6 answers saying no shows that artificial intelligence is already being used a lot and majority of the respondents have noticed its effects.

3.9 Question 5

The fifth question in this category aims to find out whether the respondents find these suggestions interesting and worth taking a look at or not. This tells a bit about how effective this type of marketing is right away during the shopping process and slightly after it. 58 of the answers were “sometimes” and 34 “rarely”. This shows that these suggestions are being used to some extent during the shopping process and not being ignored completely. Although this question does not provide any information about whether the suggestions have long term effects, it provides some valuable information regarding the visibility of the suggestions in general.

3.10 Question 6

Respondents were then asked about their overall opinion on the usefulness of these product suggestions. The average number given was around 3.5 out of 10. This was somewhat expected, since the suggestions are only based around the data gathered from other customers and their previous actions, so the data might not be exactly matching with the current customer and their needs. Still, it seems like some customers find these suggestions useful, which is great news, considering how little effort it requires from the seller due to it being automated.

3.11 Question 7

The seventh question extends the survey outside of webstores by asking whether the respondents have noticed advertisements related to their previous searches and

purchases. This question aims to find out how much this type of post-purchase advertising is already being used. Since most of the respondents have made purchases lately, this is a perfect opportunity to also ask about the follow up process. 86 of the 100 answers were yes, which shows how often this type of personalized post-purchase advertising is being used. Answering yes leads them to the next two questions related to the same topic.

3.12 Question 8

The next two questions are about the effectiveness of these advertisements provided by artificial intelligence. Questions eight and nine ask the respondents whether the advertisements have made them visit the advertised website and if those have left to new purchases. Even with the very limited sample size these questions give an idea of how much brand visibility these automated advertisements can provide.

Question eight shows that although most of the respondents ignore these suggestions, 20 out of the 100 still found something that got them interested enough to visit the advertised webpage. Even if this does not directly translate into larger groups of people, this is a very significant amount and therefore highlights how effective these automated advertisements are.

3.13 Question 9

Question nine takes the yes answers and asks how many of those lead to new purchases. So, on top of providing brand visibility, how often these targeted advertisements turn into sales? 80 respondents were expected to skip this question, but 75 ended up doing so. The remaining 25 answers were spread somewhat evenly, 7 saying those visits lead to a new purchase. This does not sound like a lot but considering the process is automated requiring very minimal effort from the seller, the result with this sample size seems very promising.

3.14 Question 10

After thinking about these situations and answering the nine questions, respondents are then asked if they see these suggestions in a positive light. Answers to this question were again spread very evenly, 35 saying yes. Even though the usefulness of these suggestions was rated below average, it seems like the overall attitude towards it is neutral. This combined with the effectiveness shown by this survey makes marketing that uses artificial intelligence look very promising for companies.

3.15 Main findings

Based on the amount and importance of online shopping within the control group, the survey results seem as realistic as possible with such a limited sample size. Majority of the answers also said yes to noticing product suggestions and personalized advertisements which further validated the survey results. This was somewhat expected, because the chosen control group was mostly within the best possible age range and results reflect that.

10. Do you see these suggestions as a positive thing to have?

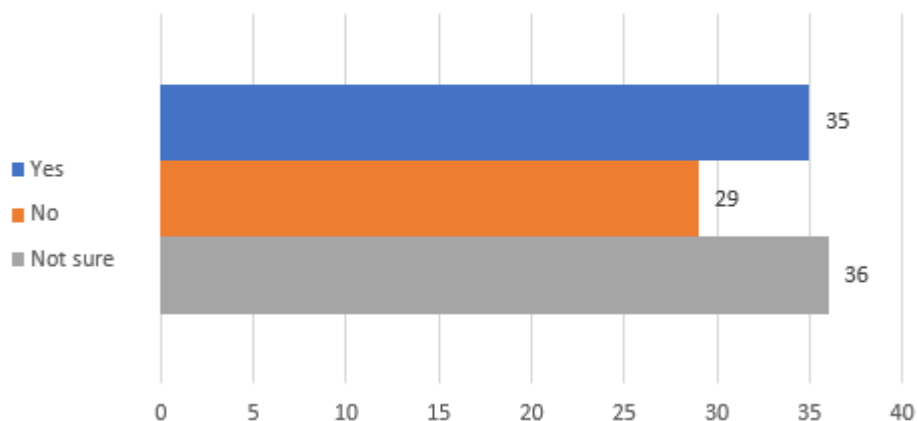


Figure 3. Question 10 answers.

The questions related to overall opinions on these topics split the answers quite evenly. Question 10 being the last one received almost equal amounts of each answer shows that even when there are customers who dislike personalized

advertising, there are still almost equal groups saying yes and not sure. Only a rough third being against it seems very promising. On question 6, the average of 3.5 on the usefulness of the shown product suggestions seems low at first but considering how the suggestions are generated changes the perspective and getting 3 out of 10 correct is still great.

Overall, customers seem to be on a neutral stand against personalized advertising. Results did not show a lot of negativities towards the use of artificial intelligence and online shopping is still a huge part of their shopping habits even when most of the advertising is done via personalization. If this was a huge bother for the customers, online shopping would not be as common as it is right now. Product suggestions also received some positivity too, which again shows why Amazon has invested so much in it.

Compared to other similar studies like a survey conducted by Internet Society (2019), results were somewhat unexpected. According to the survey “63% of people surveyed find connected devices ‘creepy’ in the way they collect data about people and their behaviours”, which is vastly different from the neutral results shown above. If the “not sure” responses are treated as negative, the results match Internet Society’s survey results very closely. Due to the nature of the questions used in this paper’s survey, this could easily be the case since not nearly as many choices were presented as in the Internet Society’s survey. If there were more choices, the results could look slightly different. After all, a more negative outcome was expected due to the rising privacy concerns regarding data collection.

3.16 Limitations and recommendations for future

This survey’s sample size is quite small, and the results should be considered as rough averages. The control group in this research was also very close to the best-case scenario and the survey was conducted in Finland, limiting its potential use in other countries due to the variance in online shopping.

A more thorough study with a larger sample size and broader age range is advised if this study will be used in real world situations. Since the amount of online activities

varies between countries and cultures, a similar survey should be conducted in the country where the results are intended to be applied in. These steps ensure more accurate answers that can be trusted more than averages from around the globe.

4 Conclusion

To answer the research question, marketing has changed a lot over the years. It started as companies simply showing what products and services they offer and is now changing from customer groups to more and more personalized marketing. Technology brought many new possibilities for traditional ways of marketing and those are now being overtaken by artificial intelligence as efficiently as possible.

Artificial intelligence is being developed constantly to provide new tools for marketing. For customers personalized advertising means more accurate product and search suggestions based on their previous activities and geolocation. This can provide a vastly different customer experience compared to receiving ads related to a specific age group for example. Currently, the response to these personalized advertisements is questionable to say the least, but whether it will change or not remains to be seen in the future. This type of technology is still quite new and customers have not had much time to get used to it yet.

For companies AI provides chatbots to handle a portion of their customer service and a simple way to handle their online marketing while still providing effective outcomes. This has already made a huge difference in online marketing and provided significant results as shown by Amazon's sales. As technology advances, more application for AI will be found. Systems like Amazon's anticipatory shipping will keep changing the online marketing game.

Currently, the use of artificial intelligence is limited mostly limited to online applications, because it relies on data sets to be collected from the customers. This means that AI cannot fully replace marketing just yet, since traditional advertisements will still rule especially public locations where personalized advertising is impossible. Wherever the data sets are a possibility, AI will most likely

be there in the near future. Its use is already widely spread and customers encounter it in their daily lives. Investing in AI seems very promising as new applications are being developed all the time, providing more opportunities for companies.

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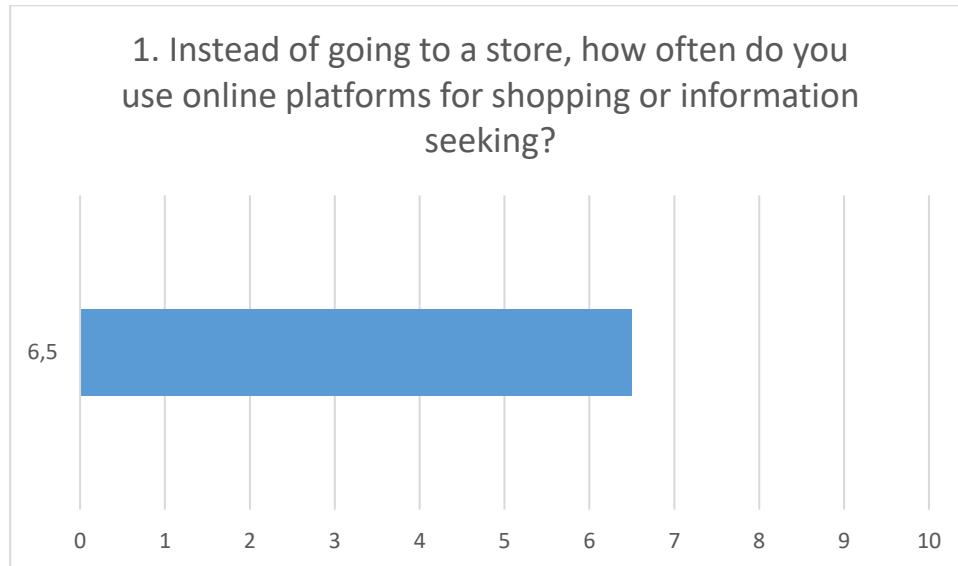
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Appendices

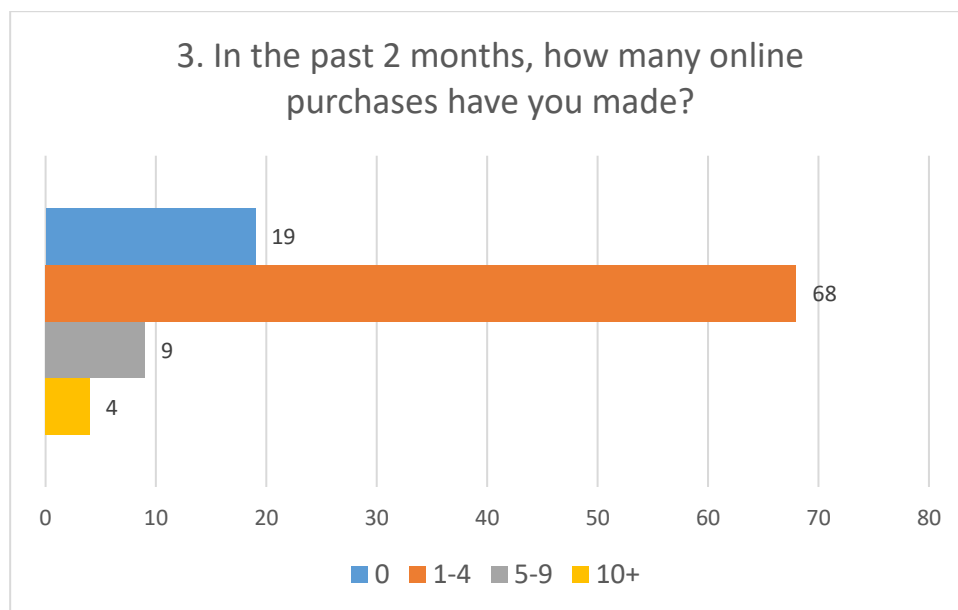
Question 1 answers



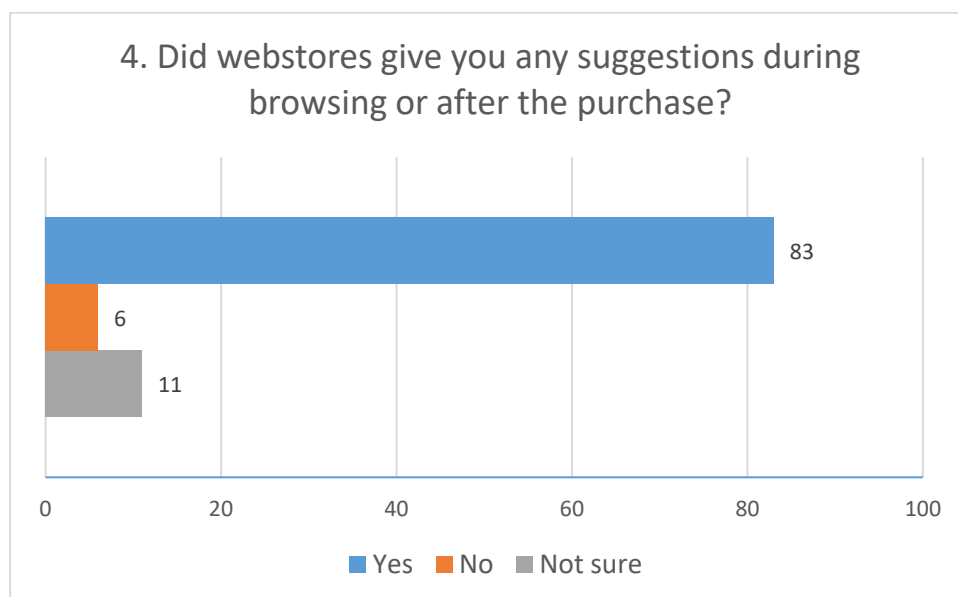
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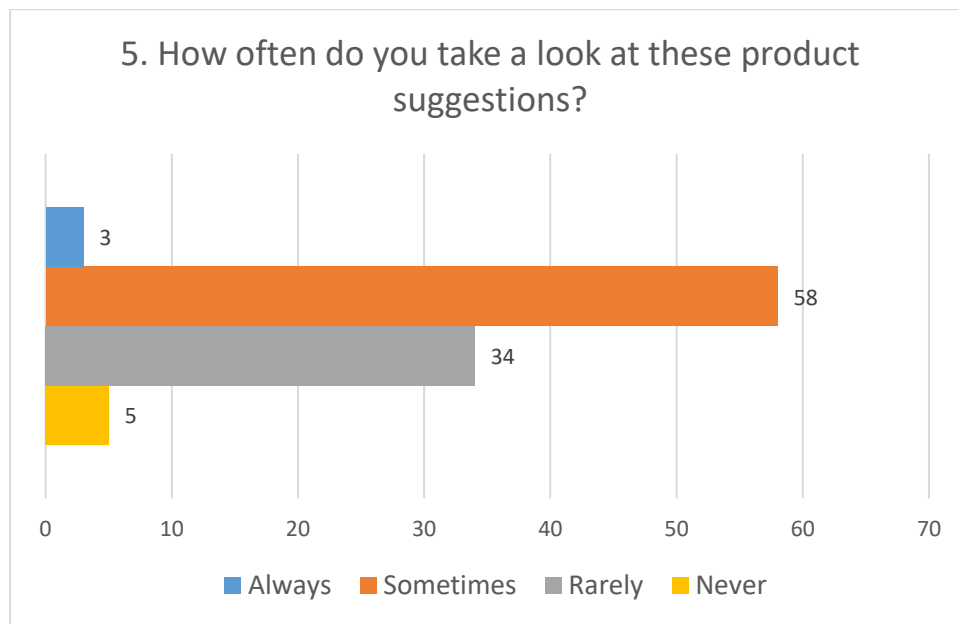
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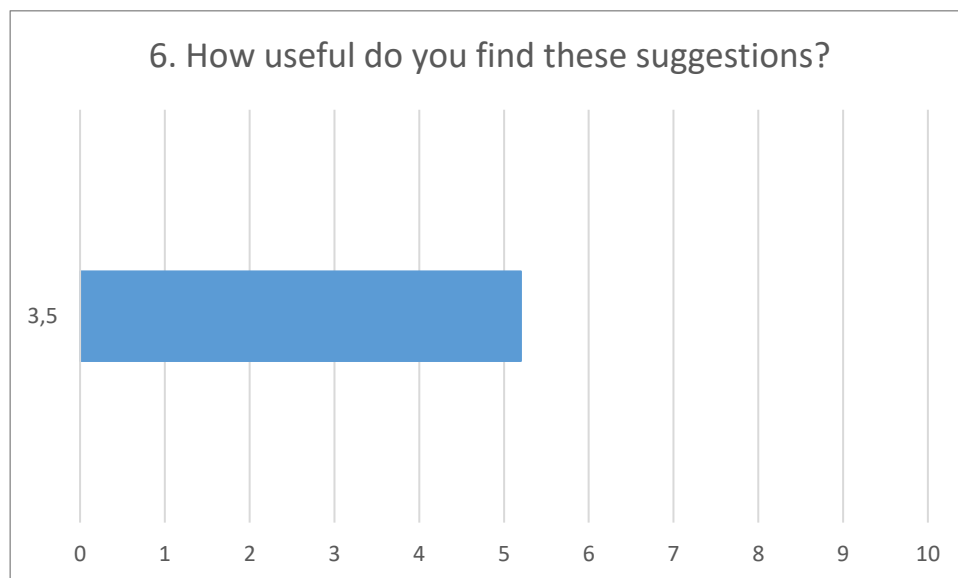
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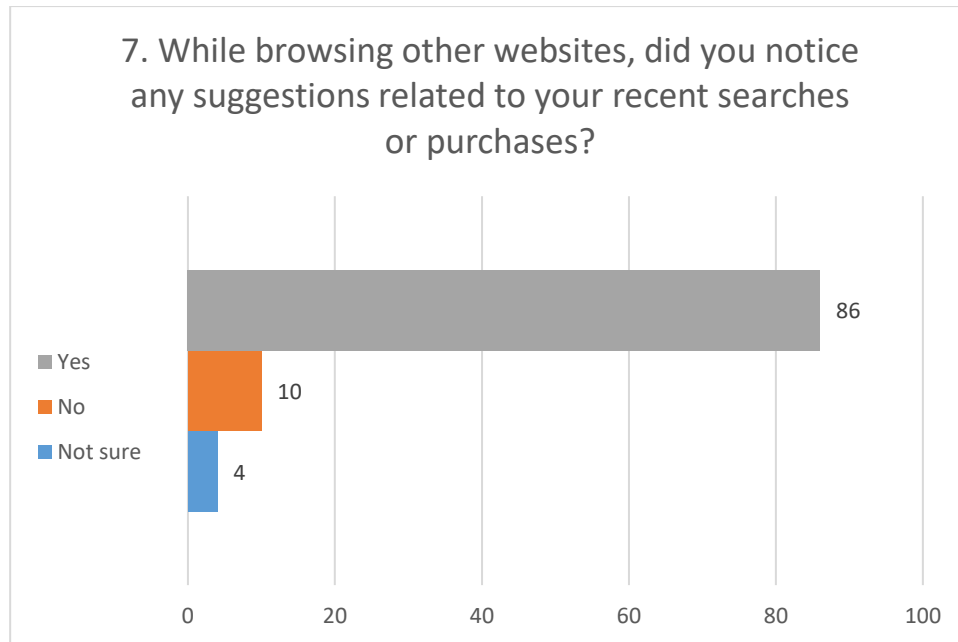
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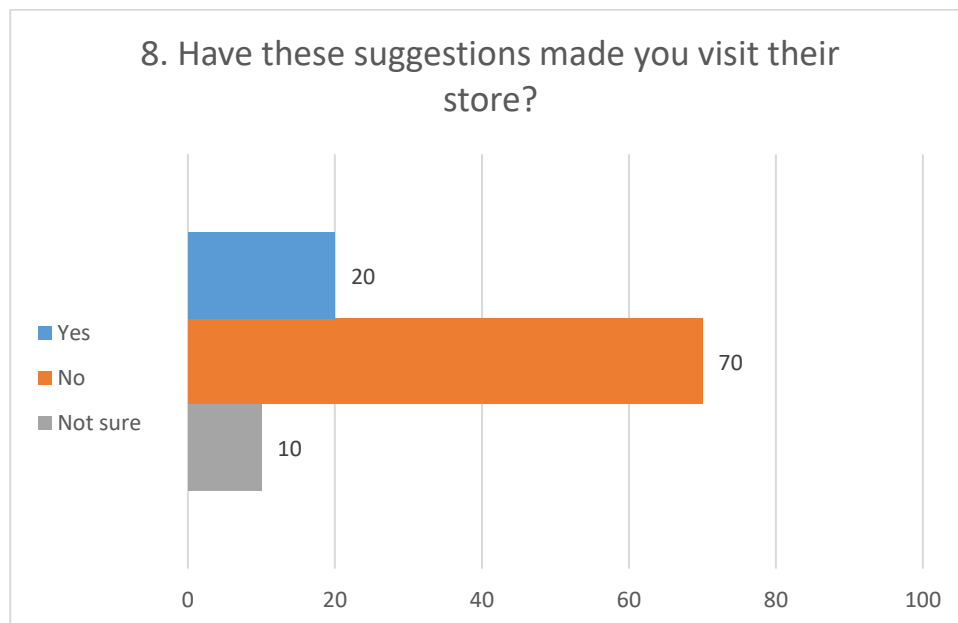
Question 6 answers



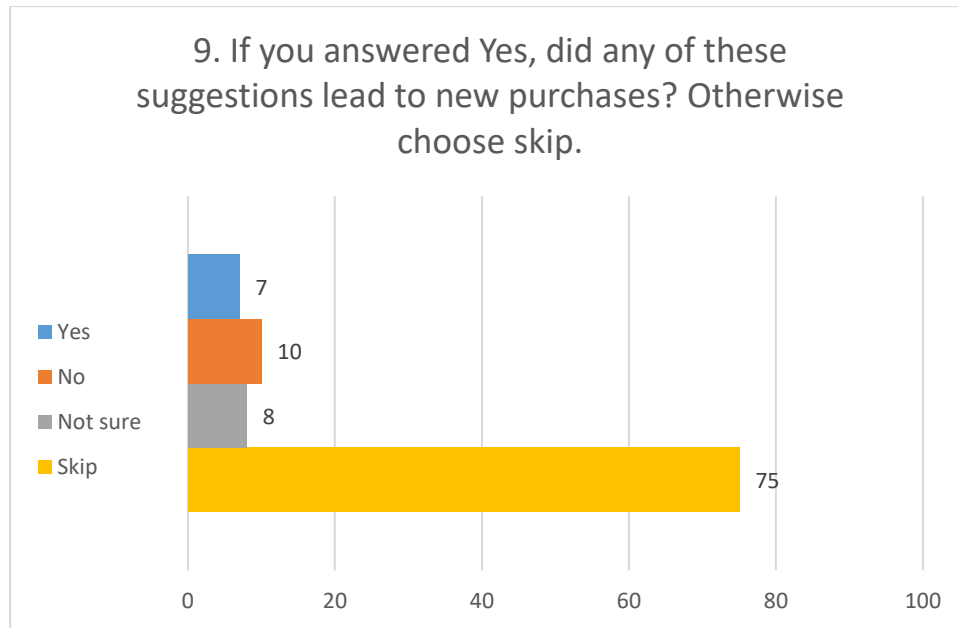
Question 7 answers



Question 8 answers



Question 9 answers



Question 10 answers

