Artificial Intelligence and the evolution of automation in advertising

How it can benefit small companies and enterprise advertisers

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Introduction

Artificial Intelligence (AI) is a term that one can hardly seem to escape nowadays. Thanks in part to Hollywood, its very mention conjures up dystopian fantasies of super-intelligent machines hell bent on global dominance. Summer blockbusters aside, predictions of the future remain similarly bleak, with over 70% of the public concerned that AI will result in job displacement and a reduction in privacy.

But is this pessimism justified? Is AI and its potential benefits truly understood, and what can we learn from those at the bleeding edge of its adoption that are employing AI and marketing automation to create a seismic shift in the growth of their businesses?

With almost 85% of company executives believing that AI will allow their businesses to gain a competitive advantage, but only 15% of organisations saying that they are currently using it, it would seem that whilst the benefits of AI are broadly understood, companies are still in the dark when it comes to how to implement it to improve their business.

Nowhere are these benefits more apparent than in the world of marketing, where advertising spends are growing year-on-year (versus traditional media which has been mostly falling since 2012) and the world's fastest growing

technology companies, such as Google and Adobe, make the industry one of the biggest adopters of AI technology in the last three years. With the market moving at rapid pace and a plethora of software tools being placed in the hands of business with even the smallest of marketing budgets, there's never been a better time for businesses of all shapes and sizes to start their journey into AI and automation.

USES OF AI TECHNOLOGY

71% of AI technology is employed for the purposes of voice recognition, ML and personal assistants.
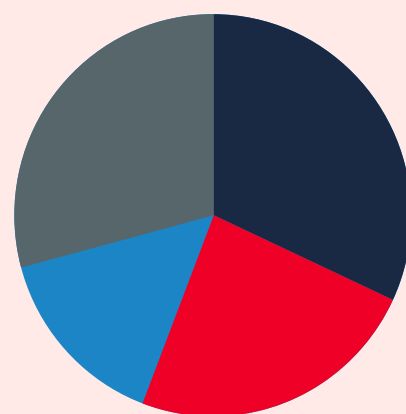
- ● Voice Recognition
- ● Machine Learning
- ● Personal Assistants
- ● Other

Artificial Intelligence

As business owners and digital marketers we often ask ourselves the question: how can I grow my business faster? Adopting and implementing a sound AI strategy can be a highly effective way to turbocharge a company's growth.

At the heart of Artificial Intelligence, and more specifically Machine Learning, is a new methodology for solving complex problems at record speed. Rather than employing staff to spend weeks manually trawling through data, or investing heavily in software designed specifically to answer one question, businesses can leverage the power of AI to create self-improving models that learn over time, providing increasingly more accurate answers to critical business questions, often in a matter of seconds.

The speed of movement and powerful insights that are made possible by AI allows businesses to discover patterns, identify opportunities and deliver change much faster and smarter than they have ever been able to in the past.

Here we'll explore three fast growing uses for AI in marketing that any business, regardless of their size, can use to maximise their growth potential with relative ease.

AD TARGETING

Advertising networks such as Google Marketing Platform are leveraging machine learning to help their business customers to better target their advertising at their perfect audience. Thanks to the networks' access to large amounts of first party data, businesses can define their ideal audience based on age, gender, interests and buying habits to name a few. Once the ideal cohort of potential buyers has been found, these machine learning platforms take it one step further, even going so far as to tailor the structure of the advert based on the viewer's location, device and recent behaviours in order to yield the best possible result.

To demonstrate the power that AI affords businesses in better targeting their adverts, take the example of a small business that has just placed an advert in their local newspaper classifieds section. Imagine for a moment that the advert only showed (and therefore the business only paid) when viewed by readers who are likely to be interested in the service that the business offers. Further still, imagine that the advert now changed its layout to give the best chance of being noticed and an action being taken by the reader. It sounds like a scene from one of the blockbuster fantasy films

alluded to earlier, but in this instance the imaginations of the best writers and producers in Hollywood and the reality of AI in digital marketing are closer than one may think, making this very power a reality for businesses today.

RECOMMENDATIONS

The modern consumer is impatient. With over half of mobile visitors abandoning a website if it takes longer than three seconds to load, it's vital for online businesses to deliver what their visitors are looking for with immediacy. Companies such as Amazon are leading the industry in their use of AI to display product recommendations that are highly targeted at their visitors' interests and buying habits, maximising the chance of converting them into a paying customer.

Recommendation engines driven by AI are nothing new. Amazon has been using various iterations of the technology to recommend books to its customers for nearly two decades. But as technology develops and the adoption of AI gathers pace, the complexity and sometimes unnerving accuracy of their recommendations has earned these specific algorithms a popular following amongst online retailers and machine learning advocates.

Another well known and hugely successful recommendation engine is that of the video streaming heavyweight Netflix. By sorting viewers into over two thousand distinct groups based on the nuanced themes within a show's content, Netflix has managed to drive over 80% of its streaming time purely through recommendations.
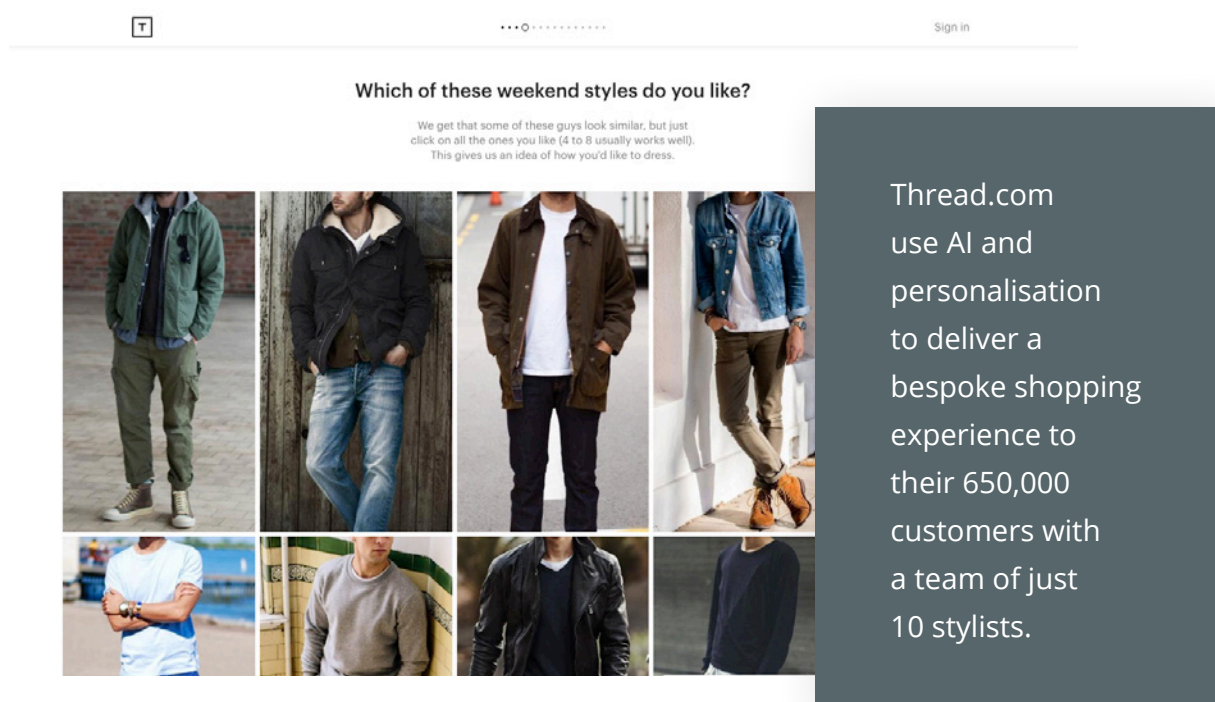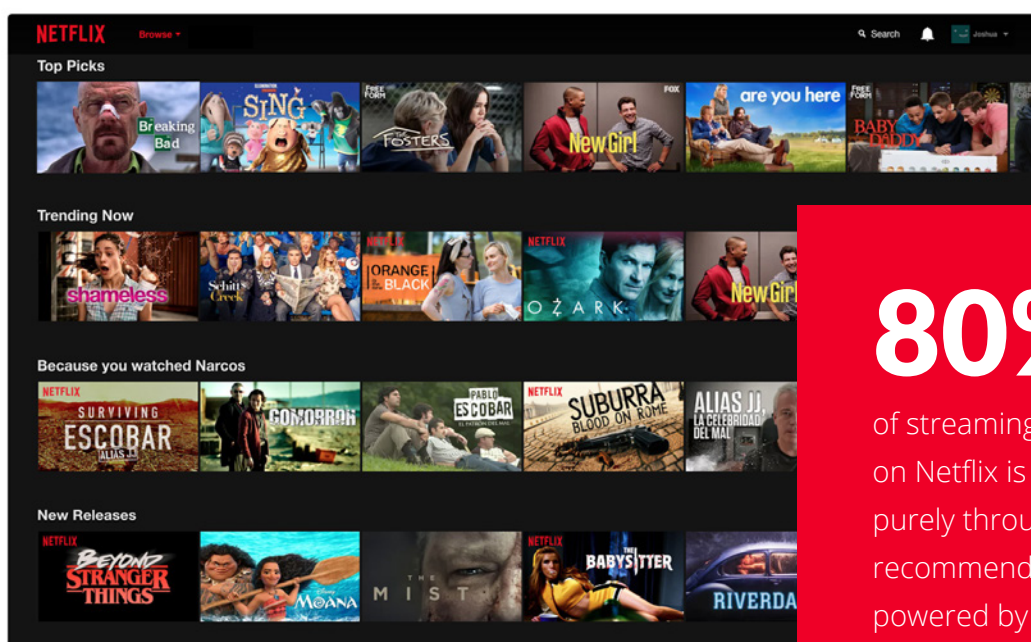

80%

of streaming time on Netflix is driven purely through recommendations powered by AI.

PERSONALISATION

As internet adoption grew and users matured in their use of the Internet, their expectations grew exponentially. Those users that would at one time have been amazed at their newly gained ability to browse the web and find any information they desired at their fingertips are now old hands at navigating the online world and have come to expect a greater experience. Sitting high up on the list of the expected norms of the modern user is a demand for their experience to be tailored specifically to them. With 84% of users saying that receiving a personalised experience is a highly important factor in their decision to purchase, and 69% expecting businesses of any size to deliver an Amazon-like experience, the bar has been set incredibly high for businesses not already leveraging AI and personalisation to deliver at scale.

When done right, personalisation can have huge benefits for businesses, delivering between five and eight times ROI on marketing spend and a 10% increase in sales according to evidence seen by the Harvard Business Review.

Fashion-come-technology company Thread.com use AI and personalisation to deliver a bespoke shopping experience to their 650,000 customers with a team of just 10 stylists. By asking a few questions when a new user signs up and tuning their models as customers use their service, Thread's e-commerce store starts to look like a bespoke creation for the customer, with a tried-and-tested recommendation engine added for good measure.

Which of these weekend styles do you like?

We get that some of these guys look similar, but just click on all the ones you like (4 to 8 usually works well). This gives us an idea of how you'd like to dress.

Thread.com use AI and personalisation to deliver a bespoke shopping experience to their 650,000 customers with a team of just 10 stylists.

Automation

Sitting alongside AI in the toolbox of technology-adopting marketers is automation. Employed to its fullest extent, automation can assist marketing departments and business owners in completely streamlining their lead generation, lead scoring, customer segmentation, customer lifecycles and analytics processes. In the early days of a business's life many of these tasks will be manual, but as the business looks to grow and scale their operations such manual processes quickly become unmanageable and ineffective without the help of technology.

Marketing automation consists of three core building blocks that are each equally vital to a successful automation strategy, and whether they're currently automating their marketing or not, every business should have them as part of their overall digital strategy from day one.

CUSTOMER DATA

A central data store such as a database houses the business's customer data. Of particular importance is data on the customers' interactions and behaviours - what did they do, which products did they buy, when are they most active - making segmentation possible. Segmentation is the cornerstone of marketing automation, ensuring that customers receive the right communications at the right time, thereby setting up the most ideal set of conditions as possible for them to generate additional value for the business.

MARKETING PLATFORM

A database of customer information and insights is great, but it is of little value if it isn't used to drive growth for the business. A marketing platform is software which takes care of the heavy lifting, orchestrating the communications that the business's customers receive across multiple channels such as email and SMS, based on segmentation and customer behaviours.

ANALYTICS

Last, but by no means least, an analytics platform allows the business to keep its finger on the pulse of their marketing performance, allowing them to discover what's working (and just as important, what isn't), and how their ROI is being impacted by their marketing activities. By working hand-in-hand with the customer database and marketing platform, a good analytics platform will provide almost instantaneous answers to the most important questions that a business has about its own marketing strategy.

Put to work, marketing automation can be a highly effective approach to boosting the results of a business's acquisition funnel.

Luxury chocolate retailer Hotel Chocolat made use of behavioural and engagement data that it had gathered about its customers to automatically create customer segments and tailored email content for its email campaigns. The results, made achievable through the use of marketing automation, were a 20% increase in revenue generated from email, and a 22% in the average order value. Due to more relevant, better targeted emails they also saw an increase in open and click-through rates without any noticeable increase in unsubscribe rates.

Conclusion

Armed with what is hopefully a clearer understanding of what AI and automation are and how they can add significant benefits to a business's future growth strategy, you may be left with the question of how you can implement an AI strategy for your own business.

The answer is relatively easily, thanks to a recent surge in AI-powered platforms

and services in the marketplace.

Platforms such as Google's Cloud (cloud.google.com/products/ai) and Amazon's AWS Machine Learning (aws.amazon.com/machine-learning) lower the barriers somewhat, allowing businesses and their developers to leverage the AI and machine learning that drives the Google Home and Amazon's Alexa for their own uses through a simplified API, removing the need to learn and understand the machine learning mechanics underneath in order to deliver solutions such as text and image recognition and automated chat bots.

Furthermore, marketing automation platforms such as Adobe's Marketo (marketo.com) and Salesforce's Pardot (pardot.com) provide powerful segmentation and automation tools to orchestrate your marketing efforts, although their cost and complexity can put these tools beyond the reach of many small businesses. For those businesses, by using a tool such as MailChimp (mailchimp.com) and hiring a good developer, you can take the first steps in creating customer segments and automating your email marketing campaigns.

Whether you're completely new to AI and automation or you're already using one of the tools mentioned above, the secret to implementing a successful AI strategy is not really secret at all; stay focussed on your primary marketing

objectives and take one step at a time. Make sure to track and measure the key indicators of your success. Not every facet of AI or marketing automation technology will be suitable for your business. Test what makes sense and when you find an approach that works, build upon that solid foundation.

With a considered approach and steely focus on your objectives, AI and marketing automation can work for any business, big or small, local or global. You just need to take your first step into the future.

The Author

Thomas Hampson is the Director of Product and Innovation at marketing technology company Adzooma. Focused on the business's goal of providing high-powered digital marketing software to small and medium-sized businesses on a budget, Thomas and the Adzooma team have researched and invested in Artificial Intelligence and automation as a strategy to drive value for their business clients.

Find out more at:
www.adzooma.com

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