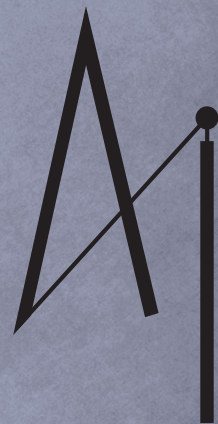A Forbes Insights publication in partnership with (intel)

Forbes A̐

YANN LECUN:
AN AI GROUNDBREAKER
TAKES STOCK

THE STATE OF AI TODAY
AND WHERE IT'S HEADING

Insights Team, Forbes Insights

THE X FACTOR

LEVERAGING ARTIFICIAL INTELLIGENCE FOR MARKETING SUCCESS

When you find yourself stranded in a city looking for a hotel room, you need a mobile app that tells you current availabilities for that day, not the best deals in three months. Artificial intelligence (AI) is making this far easier, sifting through and making sense of reams of data to get you the information you need right when you need it.

"We leverage AI to find a much faster way of coming to data-driven decisions to improve the experience for our customer," says Ben Harrell, chief marketing officer of Priceline. "We are

able to dig through so much data and provide our customers with the best travel deals, and machine learning and AI give us a better way to tailor the results to meet each customer's needs."

AI is becoming the X factor for marketers today, and many companies, like Priceline, are already embracing it. Case in point: Priceline just promoted one of its data analysts to be the company's CMO. Harrell, who started out on the financial analytics team leveraging data to find actionable insights, has made the shift to the

marketing side. He now uses his analytical skills to drive business strategy and develop marketing campaigns.

Forbes Insights research confirms that marketers recognize the key role of AI: 84% of those surveyed say AI is important to the future of their company and that it's five times more important than other technology solutions such as the Internet of Things and cloud computing. Their thinking reflects what IDC is seeing in the market worldwide— it estimates that by 2019, 40% of all

digital transformation initiatives will use AI, and that by 2021, 75% of all enterprise initiatives will.[1]

Here we take a look at how AI is impacting marketing today and the role AI can play in increasing productivity, improving speed to market and creating stronger relationships with customers.

STATE OF PLAY

Despite the majority of marketers recognizing the importance of AI, these are still the early days. Less than a third of marketing executives consider AI a significant part of their business or say that AI is fully deployed. The majority are either in discussion, experimenting or in pilot project stages.

Why this lack of progress? Companies appear to be challenged by two major issues: talent and data. Three out of five marketing executives in the Forbes Insights survey say that the availability of personnel with the needed expertise is a moderate to severe challenge in fully implementing AI solutions. This aligns with Gartner's 2018 CIO survey, which found that the lack of specialized skills in AI is a significant pain point for many

companies.[2] Given these trends, it's easy to see why talent may become one of the biggest barriers to the widespread adoption of AI.

Some companies have found creative ways to attract talent. Stitch Fix, a popular personal shopping service, relies on AI to run its business. To attract data scientists, the company has created a state-of-the-art algorithms tour on its website, which not only describes how the company uses algorithms but also displays its sophistication with AI.

The second AI implementation challenge revolves around data. For AI to be effective, companies need a large amount of good, quality data, something more than half of the marketing executives in the Forbes Insights survey say is not readily available.

This resonates with Priceline's Harrell, who says, "Often, we don't have sufficient data in exactly what we are looking for in the moment we need it. Machine learning and AI help us to try to bridge the gap, without which it would be practically impossible to effectively leverage the data we do have."

While there is no secret recipe for overcoming these two key challenges, the answer is the traditional formula for marketing success: Encourage management support for these critical initiatives and develop strong relationships with the technology sideof the house, so the marketing and ITteams are working toward the same goals.

1 https://www.businesswire.com/news/home/20180322005847/en/Worldwide-Spending-Cognitive-Artificial-Intelligence-Systems-Grow
2 Christy Pettey, "How to Build a Business Case for Artificial Intelligence," Gartner, Apr. 3, 2018 https://www.gartner.com/smarterwithgartner/how-to-build-a-business-case-for-artificial-intelligence/

3 WAYS AI BENEFITS MARKETING

1. Increasing Productivity

This is the low-hanging fruit when it comes to the promise of AI, but that doesn't make it any less critical for marketers. Think about some of the activities marketers need to accomplish every day— reaching customers across channels, targeting and retargeting advertising, and doing direct marketing like email. Artificial intelligence is what makes all of this truly possible on the scale needed to drive success. By enabling the analysis of millions of touchpoints to learn what kinds of messages work in which channels and when it's most effective to reach customers, marketers, with the help of AI, can deliver the right message at the right time.

Staples is just one company already using AI to push productivity boundaries with its omnichannel approach. By using the natural language processing and machine learning capabilities of IBM's Watson, they have created an intelligent version of their iconic Easy Button. The physical button itself, found in many offices, is fitted with sensors and speech-to-text functionality so business customers can use it to easily order supplies using voice, text or email. To provide customers with anytime and everywhere service, Staples is also using its Easy Button software platform to support all of its chat experiences across channels, including its website, its mobile app and third-party messaging platforms like Slack and Facebook Messenger.[3]

2. Improving Speed to Market

The promise here is similar to productivity gains. By sorting through billions of pieces of information, AI enables marketers to better understand their customers, which can then guide the design and launch of new products

and services. Depending on industry, how this improvement looks will vary. In manufacturing, for example, companies improve time to market when they use AI to automate their analysis and production processes. In another industry, analysis of large data sets may reveal or validate new customer segments.

With the help of machine learning, American Express, a company that handles more than $1 trillion in transactions annually, created a realtime recommendation engine to better keep up with changing customer behaviors and methods of access, such as mobile technology. Using its large data set and a learning algorithm, the system can now identify new customers and recommend new services for existing customers and vendors much faster than what was previously possible.[4]

3. Increasing Customer Engagement

This is the perfect convergence of marketing and artificial intelligence. Even as consumers balk at privacy concerns, they continue to demand more personalized communications across channels. They want individualized and relevant content delivered at the right time on their preferred device.

AI is increasingly allowing companies to do just that. Netflix's recommendation engine, for example, is tuned for hyperspecific categorization and can match titles to the exact people who are interested in seeing them. Strong recommendations ultimately result in increased viewership, lower churn and (with the help of a larger user base), more data to strengthen its algorithm. Netflix's AI-assisted recommendation system is estimated to save it $1 billion per year.[5]

3 https://www.ibm.com/case-studies/staples-inc

4 "How AmEx Found Gold With Machine Learning," RTInsights.com, Dec. 29, 2015 https://www.rtinsights.com/american-express-recommendation-engine/

5 Shabana Arora, "Recommendation Engines: How Amazon and Netflix Are Winning the Personalization Battle," Martech Advisor, June 28, 2016 https://www.martechadvisor.com/articles/customer-experience-2/recommendation-engines-how-amazon-and-netflix-are-winning-the-personalization-battle/

"We leverage AI to find a much faster way of coming to data-driven decisions to improve the experience for our customer."

– BEN HARRELL, CMO, PRICELINE

For companies that get it right, like Netflix, the rewards stem beyond cost savings. According to Boston Consulting Group, "Brands that create personalized experiences by integrating advanced digital technologies [enabled in part by AI, mobile and cloud technologies] and proprietary data for customers are seeing revenues increase by 6%-10%—two to three times faster than those that don't."[6]

THE TIME TO ACT IS NOW

For those who haven't yet begun, now is the time to start developing your AI initiatives. For those who are just starting, it's time to ramp up your efforts. Artificial intelligence brings value to the entire enterprise and has moved far beyond the confines of the IT department— it's now delivering significant benefits to marketers who know how to take advantage of the technology, and it will continue to do so in the future. In fact, marketers agree that companies that don't develop their AI capabilities now will be at a significant competitive disadvantage in the next five to 10 years.

At the end of the day, marketing is meant to improve the customer experience, and AI undoubtedly helps in this regard. "There is the adage: Marketing is getting the right message to the right person at the right time in the right place," says Priceline's Harrell. "Ultimately, the most important piece is to help customers find what they're looking for and have a better experience."

6 Mark Abraham, Steve Mitchelmore, et al. "Profiting from Personalization," www.bcg.com/en-us/publications/2017/retail-marketing-sales-profiting-personalization.aspx