

How to optimize marketing strategy development

A potent blend of human and artificial intelligence

Technology marches on

Significant enhancement in digital technologies means that many organizations have taken their creative capabilities to a much higher level. Observers have also pointed out the scope to utilize these novel technologies to find solutions to what they term 'traditional problems.'

Artificial Intelligence (AI) sits at the forefront of this digital transformation. That it is already making its mark across a range of business functions has prompted claims that the fourth industrial revolution is emerging.

One of the obvious areas of interest is the potential of AI to fully exploit information and increase marketing strategy effectiveness. Firms today create and have access to copious amounts of data, which might help enrich strategy development. However, it remains a laborious, complex task to process this data in the quest to find alternative solutions that improve overall effectiveness.

Logic informs us that humans charged with this task restrict consideration to a limited number of options. Furthermore, these will clearly be determined by current knowledge possessed. But the systematic processing capabilities of AI mean that a fine solution could be replaced by an optimal one.

Artificial intelligence and business

With valuable human resources becoming scarcer, the impact of AI in the business world is growing. A range of tasks previously reliant on managerial input are now routinely automated in places. For instance, the marketing domain uses AI to aid analysis of customer data. Evidence also confirms the potential to interact with customers and predict their behaviors using chatbots, business intelligence, process automation among other tools.

Greater involvement of AI in strategy formation is therefore a feasible next step. And while limited, research thus far provides plenty room for optimism. Indications from hybrid approaches are particularly encouraging. Different studies merged AI with human decision-making and outcomes were efficient and effective. Given that several observers note the 'cognitively demanding' nature of strategy creation, the implication of such findings become more interesting still.

Further to this is the notion that strategy creation itself is a complex process that is not entirely down to rationality. More intuitive elements are also incorporated. Others put it another way, saying that decision-making is a mixture of science and art.

The most significant assumption to draw from such claims is that strategy formation benefits from the respective strengths of human and technological input. As things stand, AI is a

more than capable performer on the rational side of the equation. But humans retain the upper hand where imagination and creativity are concerned. At least for now.

Maximizing value for customer and company alike is the ultimate goal of marketing strategies. The complexity inherent in the development process reflects the fact that a strategy is the sum of multiple considerations. Decisions are shaped by the firm's objectives and whether customer value will be delivered through such as cost or differentiation.

Challenges facing organizations with regard to marketing strategy formation are compounded by the need to consider a range of both internal and frequently unpredictable external issues. But according to contingency theory, effective integration of factors inside and outside of the firm is likely to improve performance relative to those taking a less comprehensive approach.

Evidence from Italy

Scope to involve AI in the creation of marketing strategy is further explored by [Eriksson et al. \(2020\)](#). Italy was chosen as the study context, not least because high interest in AI has led to a national project aiming to increase understanding and raise awareness of how digital transformations can serve business. Consultations took place with marketing managers familiar with AI tools.

On the evidence of these interviews, AI can already contribute by:

- collecting and analyzing data;
- methodically identifying important patterns and signals that humans may not detect; and
- helping to address human resource limitations that is a particular problem in smaller firms.

By essentially easing the burden on managers, AI is also adding value at different points of the Gartner Analytics Ascendancy Model (GAAM). This framework explains the 'analytics abilities' of firms across several increasingly more complex levels accordingly named as 'descriptive,' 'diagnostic,' 'predictive' and 'prescriptive.'

It is additionally proposed here that use of AI can help navigate challenges identified from the contingency perspective in terms of data volume and environmental conditions.

Various respondents pointed out that AI in their firms is currently used solely for different 'tactical' purposes. Sentiment analysis and non-strategic decision-making were some of the operational roles cited. Speed and efficiency are seen as the main advantages.

With certain other companies, some transition to strategic use has already occurred though. Synthesis between AI and human components means decisions can be made even when data is incomplete. Technology is viewed as an 'enabler' in these contexts, although introduction of AI can depend on whether or not change would be welcomed.

The above refers to the 'presence' of AI in strategic decision management. Study respondents also define its role in their company. Several believe that AI has the ability to 'identify, summarize and extract information' that can aid strategic decision-making. In the

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view of some people, managers ultimately decide. But others argue that humans act more in a supervisory capacity.

This endorses earlier research pointing out the contribution of AI to the rational component of decision making. It likewise showcases its potential to influence the final decision of the firm, in either a direct or indirect fashion.

On the premise of this, the authors propose including a further step in GAMM to indicate the more inventive possibilities offered by AI. Labeled 'creative,' this step would reflect an increase in analytics maturity.

As mentioned previously, attitude to change can have a major impact. Business culture is therefore seen as highly important. Executives refer to AI as a 'business capability' rather than a new technology so:

- effective change management is a must when such drastic capabilities are introduced; and
- it is likewise essential to clearly communicate the value that change can bring in order for it to be embraced.

Such measures are even more important in contexts where people remain strongly attached to old ways of working.

It is also worth noting that introducing AI can impact on how business is organized. One notable consequence of increasing automation is the opportunity for managers to focus on other tasks. Ideally, this would see human and technological resources being deployed in areas where both have greatest capacity to add value.

Comment

The review is based on: "Think with me, or think for me? On the future role of artificial intelligence in marketing strategy formulation," by Theresa Eriksson, Alessandro Bigi and Michelle Bonera, published in *The TQM Journal*. Many organizations are utilizing Artificial Intelligence (AI) in order to improve performance of various tasks. Some firms are further exploiting its capabilities by combining them with human intelligence in order to optimize how marketing strategies are formulated.

Keywords:
Artificial intelligence,
Marketing strategy,
Creativity,
Rationality

Reference

Eriksson, T., Bigi, A. and Bonera, M. (2020), "Think with me, or think for me? On the future role of artificial intelligence in marketing strategy formulation", *The TQM Journal*, doi: [10.1108/TQM-12-2019-0303](https://doi.org/10.1108/TQM-12-2019-0303).

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