

## IC-022

### Impact Of Generative AI On Digital Marketing: A conceptual review

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#### ABSTRACT

Businesses use marketing to thrive & grow, and it's not limited to a specific type of marketing. With the onset of digitization and the pandemic to add on, most businesses have adopted online/digital marketing strategies. Today there are around 5.30 billion internet users globally at a growth rate of 189 million users in the past 12 months. Brands rely on digital/online & affiliated marketing to promote their products and create connections with potential customers over the Internet & other forms of digital communication. Usage of digital marketing via various channels and applying different strategies by companies to promote their products or services, brings multifold advantages from the environmental impact it offers and demonstrates the sustainability efforts offered by organizations. As part of this study, secondary research is carried out to investigate the different aspects of digital/online/affiliated marketing being used by brands and how generative AI can help brands expand their consumer base.

Keywords: Digital marketing, Online marketing, Generative AI, Challenges in digital marketing, impacts of GenAI On marketing, Sustainability

#### Introduction

In today's technologically advanced business era, every organization needs to increase its productivity, minimize cost, continue innovations, and find ways to optimize the business process and operations. While there are many aspects to investigate and optimize, we would focus on the marketing functions and strategies formed by organizations. With the online and internet boom, traditional marketing approaches have gone through a paradigm shift and moved to digital/online marketing. The research is required to understand what digital marketing is, its various types or strategies offered by organizations, the challenges encountered digitally, how the new technological advancements help the digital marketing transitions, and how these assist the economy in building a sustainable green environment. The latest buzzword in the market is generative AI (gen AI), and this research study will look into the benefits offered by gen AI utilization and how ready organizations and consumers are to accept content generated/marketing being done via AI-generated content or marketing techniques.

#### Purpose

Traditional marketing methods opted by organizations include brochures, billboards, and flyers that are shared with consumers either via direct approach or through postal service, during conferences, roadshows, etc. The traditional marketing methods require using lots of paper, which causes excessive wastage of paper. Usage of digital marketing techniques like email marketing or any promotions via any other social media, businesses can reduce the use of paper thus helping develop the environment to be cleaner and greener. Digital marketing continues to innovate with the latest emerging trends and though as part of it the intent is to reach the right audience at the right time, there are lots of challenges faced by brands. Some of the key challenges faced are to obtain a customer-centric approach to cater to their different needs/expectations and to always create engaging content or even have a common strategy.

#### Research Questions:

- What are the different challenges faced by the brands with digital marketing?
- How can gen AI be utilized to address the challenges?



- What are the different gen AI-based solutions that can help improve the digital/online marketing strategies/approaches?
- Do the gen AI-based solutions help brands improve digital marketing?

### Research Objectives:

The objective of the research paper is to identify the different challenges faced by brands today using digital marketing and if the usage of generative AI can simplify these challenges. The study will also explore the specific solutions implemented that are helping the organization improve on their digital marketing strategies/approaches, for organizations who have implemented such solutions.

### Research Significance

The significance of the study on the impact of GenAI implementation on digital marketing used in organizations and how this can save time for the users. By providing personalized content and extending the reach to a larger audience in a shorter time, these platforms can help organizations students overcome challenges, achieve standardization, and enhance consumer engagement and satisfaction. Insights gained from the study can inform marketers, advertisers, and organizations about best practices and benefits for incorporating GenAI technologies into digital marketing processes. The study contributes to the growing body of research on the use of AI in digital marketing. Findings from the study can inform marketers, organizations, and software development organizations about the potential ways in which GenAI can be utilized to provide deeper consumer insights, as well as unlock creativity and increase productivity. The future waits to unfold more innovative products and capabilities to transform the marketing landscape with the continued evolution and growth of GenAI.

### Literature Review

Literature review of digital marketing, digital marketing strategies, and generative artificial intelligence (GenAI) was carried out.

#### *Digital Marketing*

A quote from Peter Drucker, which is quite famous and states that business has only two functions i.e. marketing and innovation, that is essential for the success of any business (El Houda & Baghdad, 2023). To put it across concisely, the key to marketing is to ‘meet needs profitably’ (Kotler & Keller, 2012, p. 5) and marketing approaches focus on creating value propositions offering benefits to their consumers (Kaur & Singh, 2017, pp. 253- 258). While in the past companies used traditional marketing approaches by sending fliers and having personal customer relationships etc, today in this rapidly technological advancing era, marketing approaches has undergone a paradigm shift and we see online/digital marketing strategies being offered by organizations.

Digital marketing is focussed on communication between business, clients & partners for providing value to all the stakeholders using internet integration with an aim to increase the company’s customer base utilizing various digital platforms. As part of digital marketing these communications are achieved by promotional efforts via websites, social media, online games, emails etc. If this is compared with traditional marketing, there is an additional aspect of relationship establishment by the marketers to engage with customers which is one of the key factors for successful sale (Kamkankaew et al, 2022). Over time digital marketing has grown substantially from a subtype of traditional marketing to a totally new domain and having the capability to transform with the technology trends and across devices (Soni, 2023). With digital marketing organizations can make their brand strong and enhance communication. It also enables customer relationship and ensures the messages required by business is sent and thereby maintains brand value & recognition. For any brand digital marketing helps stimulate the interest of consumers and establish connect with them and focuses on retaining the customers (Slijepcevic, Radojevic & Peric, 2020).

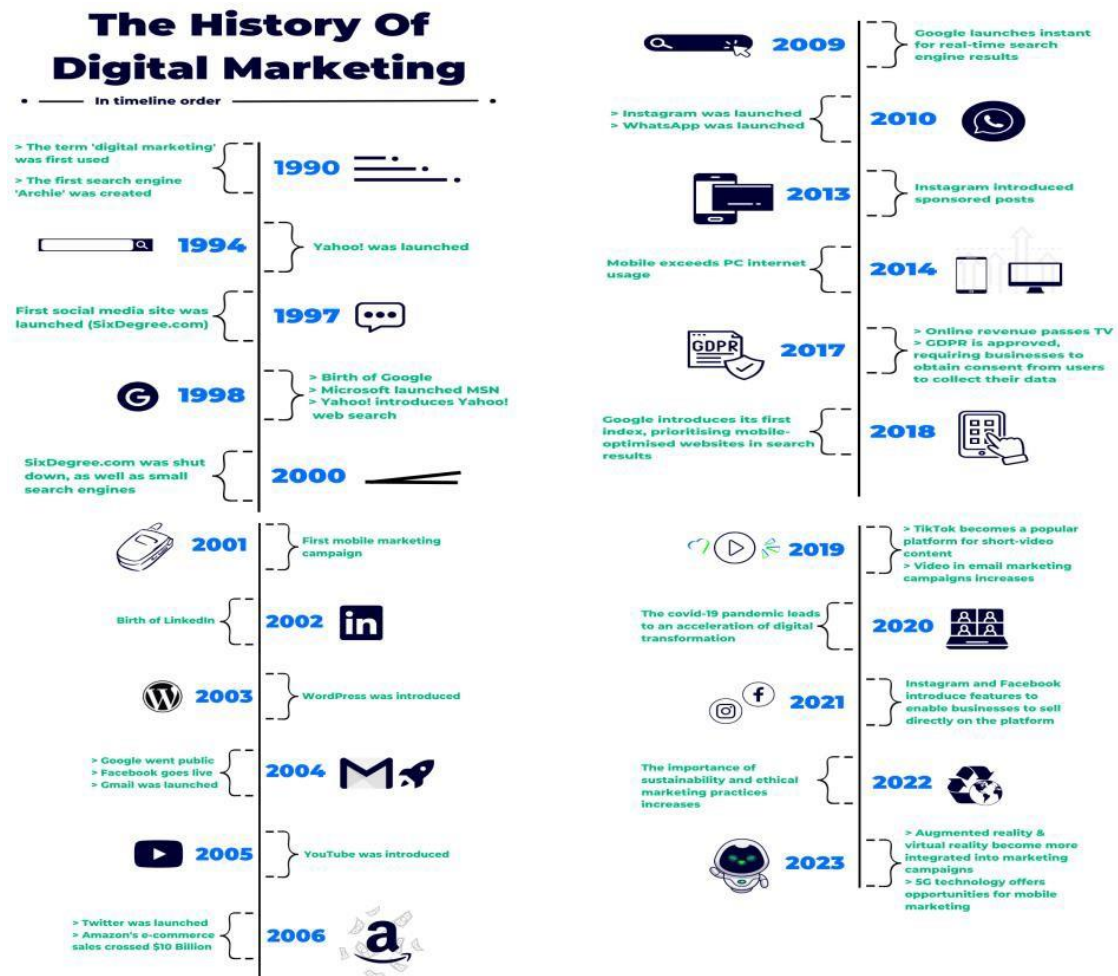


Figure 1: The history of digital marketing, (Hidderley, 2023)

Consumers have the flexibility to decide what kind of content or offers they need on a recurring basis in case of digital marketing and any investment done for obtaining these insights of consumer behaviours helps organization to study them better and offer personalized products & services. Compared to traditional marketing, organizations can obtain predictable results with digital marketing and thus it becomes an important tool for all businesses. Digital marketing “makes life easier”, in comparison to traditional marketing and as far as users are concerned, internet websites are not just for offers, but they also pose as an element of one’s lives, which is used by companies to deal for marketing use and communicate with a potential customer (Sawicki, 2016).

The main reason why companies focus on online marketing is primarily due to the changing preferences and behaviours of customer, cost effectiveness and the ease of use of digital tools to obtain analytical insights in comparison to traditional marketing. It also helps businesses expand, increase their profitability, and outperform competition. The transformation & evolution in digital marketing gave rise to user centric, interactive, measurable, anytime anywhere availability concept with a paradigm shifts in marketing strategies (Soni, 2023).

### *Digital Marketing Strategies*

Online/digital marketing leverages web channels for company branding, awareness creation and providing details about company products and services to customers, be it existing or having the potential to be one. Prominent strategies offered by the organizations are (Panda & Mishra, 2021)

Website	Websites are designed to provide a good user experience, search capabilities and analytics results. The number of clicks determine the user traffic to the company/their products. Websites can also gather information with reference to customer preferences viz., the products they like, what information they are looking for in the site, what they would like to view while they are on the site etc.
Search engine optimization (SEO)	SEO redirects traffic from websites for customers who actively search for products and services offered by the company and contents which are top of the funnel. Two types of SEO are: a.) Off-page SEO – wherein the website is promoted via internet and includes image/video/article/blog directory submission, social media, book marking etc. b.) On-page SEO – wherein content is searched/promoted withing the website and includes meta title, meta description, content optimization, google analytics/AdWords/web master.
Content Marketing	Focuses on reaching out/connecting to consumers and engaging them via relevant and authentic content in the form of videos, blog posts, banners, infographics etc., which provides value to users, which are made available in different social media platforms like facebook, twitter, youtube, instagram etc.. At times the content can be generic or specific marketing contents for targeted audience. Advantage of content marketing is to increase the customer base, and connect with more users on a specific product, convert visitors to potential customers with the help of funnel buying.
Email Marketing	Focuses on generating brand awareness, providing valuable information, encouraging repeated purchases, retaining existing customers and obtaining new ones. Concept is to ensure customers know what kind of products or services a rand offers, even if they are not interested in those today, but the very awareness about it will help the users to buy whenever required. An advantage with email marketing approach is that customers can be segmented, and emails can be personalized, with appropriate industry news, product coupons etc.
Social Media Marketing	Focuses on advertising, building brand awareness and maintain company’s reputation across the different platforms viz., facebook, pinterest, twitter, linkedin etc.
Voice Search Optimization	VSO intent is to position zero spot for searches carried out in google and obtain featured snippets for the keywords relevant to target business and audience. Eg: Amazon echo and siri.
Video Marketing	Creation of valuable, informational like announcements, providing instructions, events, behind-the-scenes, high quality video content for the target audience. These similar to content marketing influences purchases made by consumers & increases followers.

### *Generative Artificial Intelligence (GenAI)*

GenAI is artificial intelligence that can generate variety of contents in terms of text, images, audio, 3d models or any other media contents, using generative models, which learns the input patterns & structure from the training data and create new and unique outputs. GenAI can create highly realistic contents that can be equally complex and mimicking human creativity. Generative AI is a disruption in the market and in the way one or the organization communicates, work, and innovate. It is a revolution across all industries like gaming, entertainment, and product design, it is becoming a

valuable tool. Recent advancements in the field of GPT (Generative Pre-trained Transformer) and Midjourney, has enabled GenAI to solve complex problems, and have been of great assistance in scientific research and creative art (GenAI, 2023). In the marketing industry, GenAI represents a new paradigm with automated marketing content generation and as per industry reports, for marketing industry alone the impact of GenAI is \$463 billion (Chui et al., 2023). AI-generated magazine covers, arts, and scientific abstracts generated by AI are some of the disruptive examples which cannot be distinguished from human-generated contents

(Hartman et al, 2023) and many companies have started using the synthetic content generated by AI for their marketing campaigns.

GenAI can save time by reducing the time & effort required for ideation and content creation, with consistency in terms of standardization in brand voice, writing format & styles. Personalization of marketing messages targeted at different customer segments, demographics & geography can be enhanced and collaboration on ideas etc., between team members can be increased. Below are the avenues where GenAI benefits the marketing domains.

- *Mass email campaigns:* Email translations to multiple different languages, images, and messages, depending on the customer, can be executed instantly, and used for mass email campaigns.
- *Enhanced use of data:* Challenges with reference to handling of unstructured, inconsistent, and disconnected data from various databases and understanding those based on their data sources viz. image, text, news, structures, social media, academic research, feedbacks etc., is achieved by GenAI which helps the marketing functions. With these data can be better utilized for use to analyse customer feedback, and behaviour to generate informed marketing strategies for profiling customer and create recommendations and could also be used for identifying market and product opportunities.
- *SEO optimization:* GenAI helps to have a reduced cost through search engine optimization (SEO) on components viz. URLs, page titles, and image tags and can support specialists in SEO digital content creation, and distribution to customers.
- *Product discovery and search personalization:* Technology leverages user preferences, behaviour, and purchase history to search & discover related products to generate personalized product details.

GenAI is expected to increase productivity of marketing function between 5-15% percent of total marketing spends, and with higher website conversion rates it also allows CPG (Consumer packaged goods), travel, and retail companies to improve their e-commerce sales.

#### *Literature Gap*

Research exists in terms of the potentials that GenAI can offer and what can be leveraged from the context of digital marketing, though only 5-10% of channel marketers leverage AI for their campaigns, reasons can be multifold viz. security, loss of intellectual property, absence of industry standards etc., fear of uncertainty etc. that hinders GenAI integration into marketing processes.

#### *Research Methodology*

The study as part of this paper focuses on secondary research conducted by going through literature study and sources taken from existing survey analysis carried out in 2023. The surveys evaluated were conducted using qualitative research method by carrying out interviews and surveys with industry thought leaders performed by Artefact, BCG & Deloitte Digital for organizations that were early adopters in gen AI technology.

*Dataset*

The study used the results of surveys carried out by Artefact on ‘THE IMPACT OF GENERATIVE AI’, BCG on ‘How CMOs Are Succeeding with Generative AI’ and Deloitte Digital on ‘GenAI powers content marketing advantage for early adopters’ and studied the analysis of the survey carried out.

*Results*

The survey results conducted by BCG took inputs from over 200 CMOs across eight countries and aligned to the research questions on the use of GenAI in organizations, it was said by around 70% of the respondents that GenAI is being used in their organization and ~19% are still in the testing phase. Most of the respondents observed positive improvements in the way work is organized and managed with GenAI tools. According to them, there is a positive impact created on their as well as the organization members operational efficiency. Usage of GenAI increases the productivity due to the ease in use and the cost is comparatively lower, thereby overall cost gains increases (Ratajczak et.al, 2023).

| CMOs Expect Generative AI to Revolutionize Their Business by  
Creating Market Opportunities and Increasing Day-to-Day Efficiency

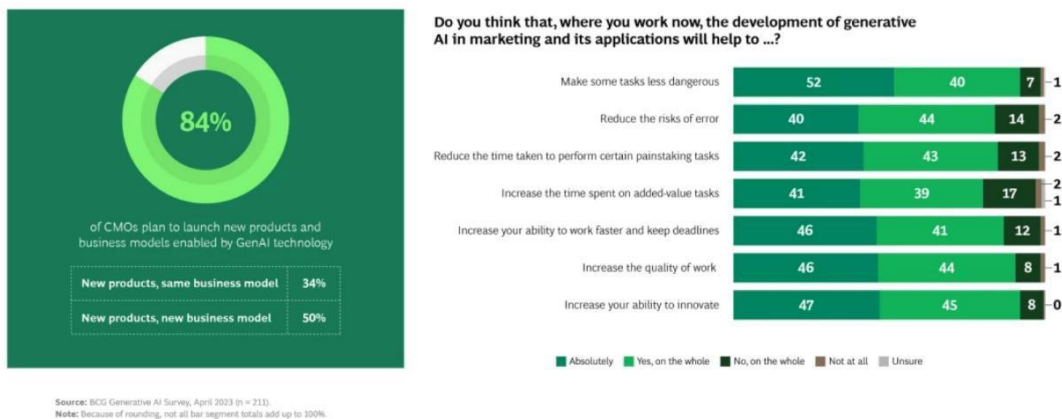


Figure 2: BCG survey result#1

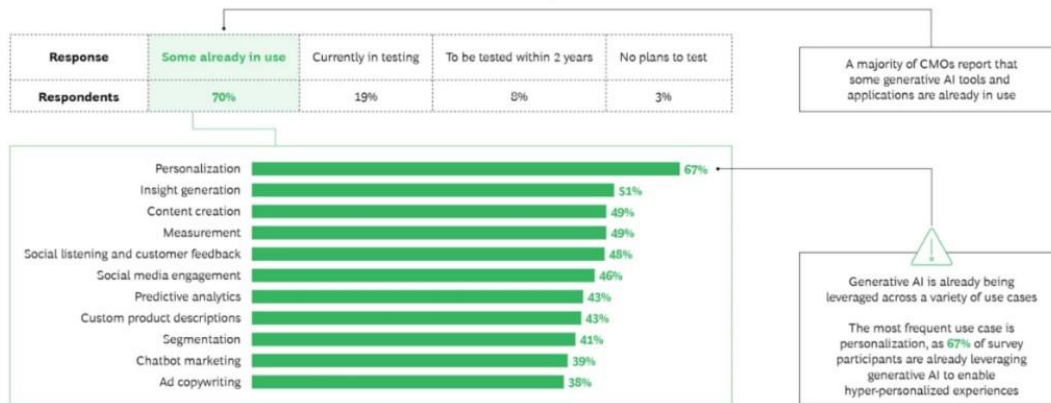
*Usage of GenAI in organizations & benefits*

Most of the usage was found to be in core marketing functions like content and insight generation, and market segmentation.

**Personalization** is the most targeted by the organization, and as part of the survey it was found that banks use GenAI to analyze customer data & offer personalized advice to them for investment having considered their risk acceptability. Retail segments used GenAI personalization to attract new

**| Most Companies Have Already Implemented or Tested Generative AI to Address a Wide Range of Marketing Challenges**

Where you work, what is the present situation regarding tools and applications using generative AI?



Source: BCG Generative AI Survey, April 2023 (n = 211)

customers and existing shoppers to buy more.

Figure 3: BCG survey result#2

Benefits from personalization included moving from better customer engagement to enhance customer loyalty (Ratajczak et.al, 2023).

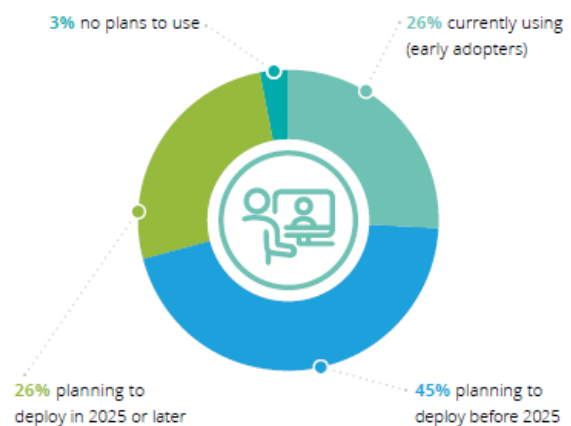
**Content creation** – As per the Deloitte research in 2023, demand for marketing content has increased by 1.5x in 2023 and the teams are able to meet the customer demands only

55% of the time. As part of the first wave of GenAI, one in four organizations have implemented GenAI for marketing operations either in development of content or as a content collaborator or to improve & adapt marketing content (Deloitte, 2023). According to the survey respondents, GenAI enabled marketing organizations to create wide variety of content faster and with high quality. The GenAI tools has helped in fostering creativity in team members and encouraging everyone to explore ideas and bring out their best in terms of unique creations and unusual combinations (Ratajczak et.al, 2023).

As with the early adopters, they are finding value in producing content elements in terms of data visualizations, images, captions etc and improving content quality and its accessibility with enhanced SEO keyword identification giving quicker results. For these organizations

advertisement or social media is not the only options, they extend it to all the devices and available channels efficiently (Deloitte, 2023).

One in four companies are collaborating with Gen AI for marketing content.



**Market segmentation** – GenAI usage increases the customer targeting and segmentation with better resource allocation and thereby improving the returns on investment. Consumer preferences at each geography can be clustered and insights generated based on their preferences with the help of GenAI research and analysis enables organizations to better understand the consumers. This in-turn helps organizations to work on their product strategy and improvise on their products by either enhancing existing products or introducing new products or shelving the unwanted ones and improvise on their service strategies alongside the product.

#### Discussion

The survey results depict the challenges with existing digital marketing and benefits that early adopters of GenAI observe in digital marketing viz., personalization, content creation, SEO optimization, and market segmentation.

Challenges faced in digital marketing include:

- To establish a compelling brand story and brand identity that resonates with the consumers. Companies need to avoid negative brand perception.
- To utilize the consumer data effectively, new digital metrics, lack of analytical capabilities and professionals, and lack of evaluation of the digital marketing operations.
- Customer data and privacy.
- To stay ahead of the competition with continuous innovations to deal with competition.
- To have an appropriate communication strategy with the available resources & budget to provide up-to-date information to consumers.
- Lack of understanding of the consumers.
  - *Customers look for personalized content-driven experiences, emails, and advertisements from brands relevant to them.*

Even if the companies are looking to address the challenges by providing personalized content with an appropriate communication strategy, the utilization, and acceptance of the same depend on the customer's need. If the need is not present always and the customer wouldn't want such content to be an annoyance, the strategy should be to provide marketing content at the right time & place. Today organizations are looking for opportunities to address these expectations by creating content, to meet the customer and business needs, via direct & in-house channels with more personalized content and at more places (Deloitte, 2023). Companies need high-quality content and innovative ways to get it distributed across when they want and to places where they want and where it will create more impact (Deloitte, 2023).

The outcome from the artefact survey provides an insight that integrating GenAI in companies has caused churn in their roadmap and planning process which 72% of the participants have confirmed. The roadmap changes are around reconsidering 61% of the existing projects, 30% to revisit the strategy and business model, 26% to upskill the people, and 6% infrastructure revamp. Most of the organizations around 60% are brainstorming on the use cases to be implemented and 26% are working on proof of concepts (POC) whereas others are either not planning to proceed or have industrialized use cases, which have the potential to mature with the integration of GenAI. While at an organization front, different segments have the potential to use GenAI, around 66% of them believe that sales & marketing is the area where GenAI has great potential. With all the survey report analysis, GenAI has the potential to address the challenges faced by companies in digital marketing. GenAI use cases in terms of creative content creation and innovations, personalized communications, and visually appealing content to engage consumers and evoke their emotions can transform digital marketing, which would provide an edge to companies to stay ahead of the competition.



## Conclusion

The paper intended to understand the know-hows of digital marketing in the current era and the different challenges faced by organizations. With the booming technology trends and advancements, alongside the changing consumer behaviour patterns there is a dire need to advance the technological enhancements in digital marketing as well. This research paper offers analysis on the various surveys conducted by esteemed organizations on the use of generative AI in marketing operations. GenAI adoption in marketing campaigns have increased due to its contribution in efficiency & scalability. The manual effort in ideating, creation and launching the campaigns in huge and extremely time-consuming plus resource intensive. GenAI streamlines this process due to this advancement algorithms and automation with the help of machine learning by analysing the vast consumer data set to understand their trend and using NLP (natural language processing). GenAI systems keep learning and improves over time with the data and thus increases the tools efficiency and scalability with vast variety of content creation & enabling adoption (Soni, 2023). While there is an uncertainty in the use of GenAI by organizations, with the outcomes that the early adopters offer, more organizations can deep dive into integrating GenAI in their marketing campaigns and strategies, while ensuring that they do understand the challenges and technological impacts. There are concerns with data privacy and security which needs to be further strengthened and risks associated with hallucinations in GenAI which is like human behaviours, wherein AI algorithm can produce incorrect output despite the available training data or processes. Identify the right use case and using the appropriate model is the key to transformation, ensuring there is a good balance with regards to the cost and sustainability being offered by the GenAI solution.

### *Limitations of this study and future scope of work*

Limitation of the study is that it is focusing on the secondary research survey data carried out in 2023 and studying the results from the researcher's point of view. Analysis / Research work can be limited due to the sample selected for research and the analysis carried out with different set of research objectives by the researcher. Surveys are carried out in June, August and October of 2023 and there can be lack of accurate data especially with the fast- changing technology advancements and adoption. Researcher analysis point of view or the reporting aspects might differ. Future research conducting pilot studies of organizations who have implemented GenAI integration into their digital marketing processes and understand its effectiveness, efficiency with a quantitative approach, which can further be taken forward to other organizations. Research can be carried out to have tailor made solutions to meet different needs leading to marketing content optimization and personalization.

## Recommendations

Most organizations are already unlocking and exploring the potential capabilities of GenAI and setting up quality standards. To get started in the GenAI integration journey marketing professionals and organizations should get buy-in from their leaders and define standards and guidelines to use and regulations to ensure data protection / privacy. Identify a use case and get started on the POC either in mass mail, content creation or personalization, which gives confidence to the marketers in the use of GenAI and a better understanding of the risks and challenges associated with the same. The GenAI models being quick to respond, POCs will take lesser time and this helps in faster decision making. Organizations should have their infrastructures in place to onboard the GenAI models and ramp-up people on the new technologies by planning and organizing training programs. With the right skill, people and technology in place great contributions and use cases can be developed in enhancing the digital marketing techniques using GenAI.

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