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Dawn of the Planet of the Bots

Intelligent Automation in Marketing Services

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Introduction

Automation in marketing refers to the use of software and technology to streamline, automate, and measure marketing activities in an organization. Our research reveals that organizations are increasingly using automation for marketing more than for any other function. Almost 80% of companies use automation for marketing as compared with 45% for sales and roughly 35% for finance. The inevitable demise of third-party cookies is compelling enterprises to pivot their marketing strategies to first-party data. Automation is expected to play a vital role in mining customer insights and tracking user interactions, thereby turning a firm's proprietary first-party data into a gold mine of insights.

Additionally, marketing automation is essential to have a 360-degree view of customer interactions, analyze the content viewed by customers, and tailor it based on user personas. It helps track and manage hyper-personalized campaigns at a global scale and is therefore vital to an organization's long-term success.

Of late, marketers are leveraging intelligent automation – a combination of technologies such as Artificial Intelligence (AI), Natural Language Processing (NLP), and process mining, in addition to automation or Robotic Process Automation (RPA) – in use cases ranging from training and development and customer journey mapping to lead management and content marketing.

This viewpoint explores the various use cases of intelligent automation in marketing, trends shaping the provider landscape, challenges that marketers face when leveraging intelligent automation, and recommendations for enterprises to navigate these challenges.

The importance of intelligent automation for marketing strategy

With the growing prevalence of automation in multiple marketing areas, marketers are looking for ways to augment automation capabilities through intelligent automation: a combination of AI, NLP, and RPA. These technologies often complement each other – automation minimizes human intervention, while AI simulates human intelligence. This lets marketers forgo humans without forgoing the human touch. Intelligent automation can drive smoother decision-making, improve cost-efficiencies, reduce Turnaround Time (TAT), and eliminate bottlenecks in customer journeys.
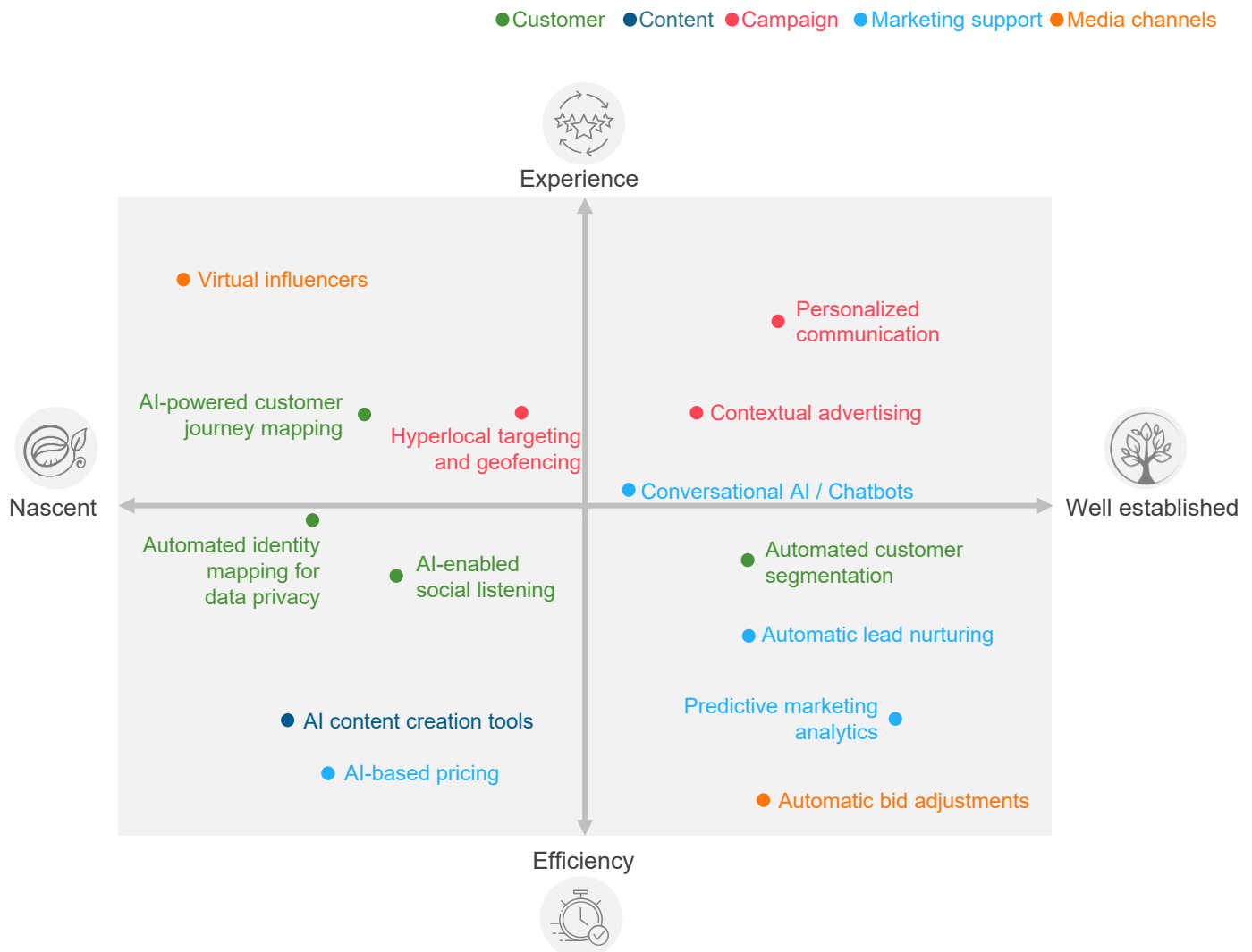
The exhibit below shows some of the applications of intelligent automation in the marketing landscape.

EXHIBIT 1

Use cases of intelligent automation in marketing across various stages of adoption and value delivered to customers

Source: Everest Group (2022)

NOT EXHAUSTIVE

● Customer   ● Content   ● Campaign   ● Marketing support   ● Media channels

Experience

● Virtual influencers

● Personalized communication

● AI-powered customer journey mapping

● Hyperlocal targeting and geofencing

● Contextual advertising

Nascent ——————————— Well established

● Conversational AI / Chatbots

● Automated identity mapping for data privacy

● AI-enabled social listening

● Automated customer segmentation

● Automatic lead nurturing

● AI content creation tools

● Predictive marketing analytics

● AI-based pricing

● Automatic bid adjustments

Efficiency

Emerging intelligent automation solutions are rapidly transforming the marketing value chain. While some tools provide cost and operational efficiencies, others enhance customer experience. Many of the solutions focused on customer experience are still in their nascency, while marketing support and media channel solutions have penetrated well in the market. These solutions can be implemented as stand-alone tools to enhance marketing operations or provide integrated solutions across marketing, sales, IT, and CXM and deliver a stronger impact.

Many organizations are still trying to figure out how AI and intelligent automation fit into their businesses. It is important for such enterprises not to fall behind in the race to adopt automation solutions as late adopters face the risk of losing market share to their competitors.

In fact, enterprises should make intelligent automation the cornerstone of their investment strategies and apply it across the value chain. A well-rounded and streamlined approach to intelligent automation will help organizations maximize the value from their investments. For instance, AI and ML can be used for niche segmentation, continuous real-time engagements, and customer experience management. Intelligent automation can be used to create dynamic ads that adapt content and promotions for every user. As firms build their e-commerce capabilities, AI can be deployed to identify cross-selling and bundling opportunities and to optimize product suggestions. Additionally, conversational AI can interpret customer sentiment using NLP to drive real-time hyper-personalized conversations.

Below we look at one such successful intelligent automation deployment.

Case study: Sephora's beauty bots to the rescue

About Sephora
Sephora is a leading personal care and beauty products retailer. It has 2,700 stores worldwide, along with omnichannel presence through its website, mobile app, and social media handles.

The pandemic and the beauty business
The COVID-19 pandemic proved to be a major setback for the global beauty industry, with sales dropping by about 20-30% from pre-pandemic levels.[1] Several brands reported negative revenues, while others permanently shut down brick-and-mortar stores as footfall decreased rapidly. Where other brands struggled, Sephora not only managed to stay afloat, but also increased its online sales in the US by 30% in 2020 as compared with 2019.[1]

What did Sephora do differently?
Sephora's early adoption of and a proactive approach to automation and AI provided the firm a strong remote marketing base, enabling the brand to rapidly adapt to changes. Sephora built a strong foundation of AI-led customer-centric, omnichannel marketing that allowed customers to engage with the brand across multiple platforms. Customers could use the Sephora app to try on different products remotely using the virtual artist feature and seamlessly place orders.

Sephora introduced conversational AI bots back in 2016 on the messaging app Kik to understand its customers better, deliver real-time answers, and establish a 24*7 personal connect with customers. The company noted a visible increase in brand engagement via the bot, with customers messaging multiple times a day to ask for beauty tips and tutorials.

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1   McKinsey report: How COVID-19 is changing the world of beauty (2020)

Sephora then enhanced its app capabilities by launching a virtual artist feature that uses facial recognition technology to enable users to test products virtually before buying them directly on the app. The feature's convenience, accuracy, and simplicity made it an immediate success.

Additionally, Sephora's hyper-personalized mobile marketing enabled the brand to connect with individual customers and curate personalized product recommendations based on their app browsing behaviors and purchase histories.

In 2021, Sephora launched its latest Color IQ technology, an AI-based algorithm that matches customer skin tones accurately based on face saturation and undertone, among other things, to recommend suitable products.

Furthermore, Sephora announced the opening of 260+ brick-and-mortar stores throughout the US in 2021. While other companies were struggling with the closure of their brick-and-mortar stores, Sephora managed to find a comfortable balance between its physical stores and digital space. In fact, Sephora is transforming its physical stores to coexist with the digital world by creating immersive digital experiences within the physical store environment. Customers can walk into a store, find products and tutorials digitally, try on products, add them to their carts, and place orders via the app to avoid shipping charges. This has not only helped the brand reduce its returns, but also increased its operational efficiency.

Winning insights

Sephora's success has the following learnings for all brands looking to thrive in today's hybrid world:

- AI-/ML-based analytics can use historical data, real-time insights, and behavioral analytics to forecast market trends, customer purchase patterns, and demands
- Replacing manual processes with automated software can reduce human errors and enable teams to focus on strategic decision-making
- Conversational AI can reduce customer query TAT
- AI-/ML-based product trials can reduce the number of product returns and, in turn, shipping costs

Intelligent automation can redefine the customer journey from customer segmentation and targeting to acquisition and engagement. AI can fine-tune customer engagements with the help of behavioral analytics and NLP and handle customer queries in real-time, while ML can augment these capabilities by learning with each experience. It enables brands to create seamless bespoke journeys that become a strategic advantage for the firm in terms of increased brand value, customer delight, and loyalty.
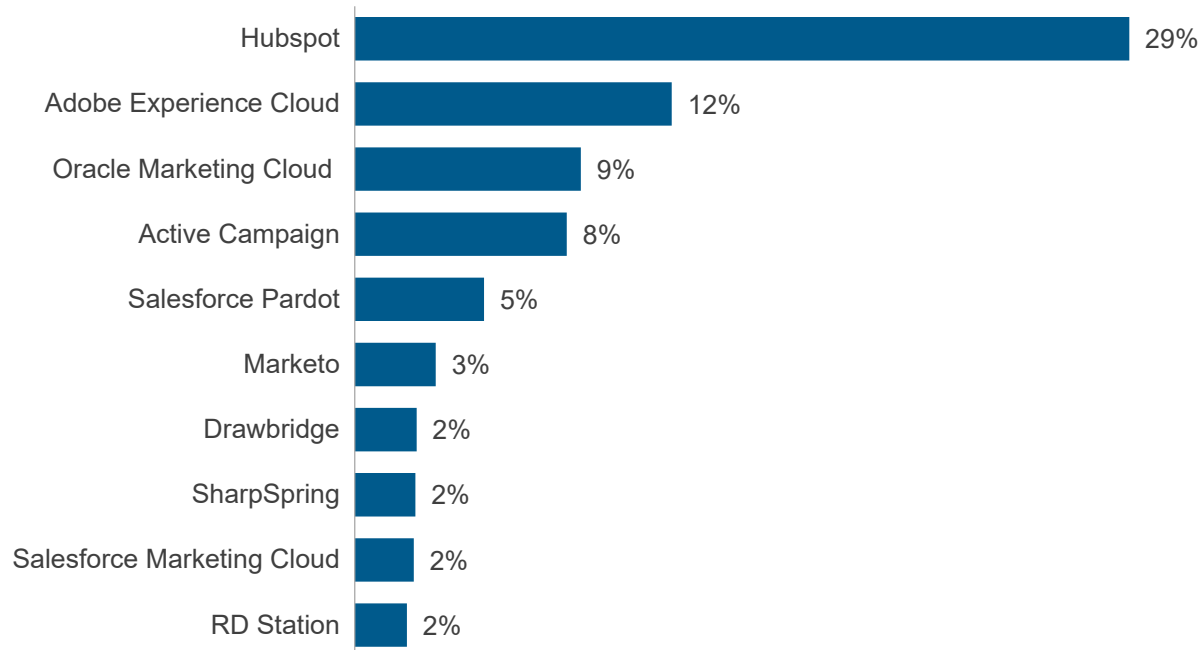
Trends shaping the provider landscape

While several organizations have successfully automated their marketing functions, a significant section of the market relies on third-party support due to difficulties in attracting and retaining specialist talent. Automation providers offer significant benefits, as they usually have prior expertise in the technology and apply best practices from past engagements, resulting in lower TAT and higher efficiency.

The marketing automation provider landscape primarily comprises conventional software providers, such as HubSpot, Adobe, and Salesforce. The exhibit below shows the market shares of leading automation software providers in the US.

EXHIBIT 2

Market shares of major automation software providers in the US

Source: Datanyze

Provider	Market Share
Hubspot	29%
Adobe Experience Cloud	12%
Oracle Marketing Cloud	9%
Active Campaign	8%
Salesforce Pardot	5%
Marketo	3%
Drawbridge	2%
SharpSpring	2%
Salesforce Marketing Cloud	2%
RD Station	2%

Consolidation in marketing automation

The marketing technology industry is showing signs of simultaneous growth and consolidation. Providers are incorporating automation capabilities into existing platforms, for instance CRM solutions are increasingly incorporating new automation capabilities, to reduce the number of systems that IT and marketing operations teams need to manage and improve productivity.

Implication for enterprises: Any effective technology consolidation exercise needs to be preceded by aggressive data consolidation. Enterprises need to ensure robust, proactive, and ongoing data quality management to prepare for an intelligent automation-enabled future.

Next-generation start-ups are driving innovation through AI

Despite Venture Capital (VC) investments drying up, older start-ups in the AI space have grown dramatically. Some of these start-ups have become acquisition targets (for example, McDonald's acquired Dynamic Yield, a start-up focusing on synchronized digital customer interactions), while others have gone on to become unicorns (a case in point is Gong, an AI-based revenue intelligence platform).

Implication for enterprises: AI start-ups seem to be emerging in all shapes and sizes. While some can help build efficiencies, others can disrupt well-entrenched business models. Enterprises should carefully evaluate the solutions that work best for them.

The exhibit below depicts some of the start-ups that focus on marketing

EXHIBIT 3

AI start-ups focused on marketing services

Source: Everest Group (2022)

NOT EXHAUSTIVE

Lead management

people.ai

Leverages its revenue intelligence platform to help marketing and sales teams track new opportunities from marketing activities and turn them into actionable insights for targeted lead management

near.

Simplifies audience targeting and acquisition using its trademark AI technologies, Allspark and Pinnacle, to collate real-world data such as customer location and brand affinity to seek out relevant customers

6sense

Uses AI-driven big data analytics for B2B sales and marketing; its proprietary Revenue AI platform collates visible and hidden data from multiple platforms to develop focused lead pipelines, as well as improves campaign performance and RoI

Appier

Uses its tailored AI technology for end-to-end marketing solutions; its CrossX AI platform drives user acquisition by predicting customer LTV, while AIQUA enables hyper-personalized cross-channel engagement

Marketing support and personalization

SPECTRM

A conversational marketing AI platform that facilitates one-to-one communications using chatbots for automated customer engagement on scaled conversations, product recommendations, and CRM

Mutiny

Focuses on website personalization through visitor segmentation, seasonality, and customer journey mapping using NLP and ML

Rephrase.ai

Makes hyper-personalized video ad campaigns by creating digital avatars of humans using AI and CGI

Insights

Placer.ai

Uses cutting-edge location analytics technology to help brands focus on customer engagement in specific areas based on footfall, overall activity, and seasonality

heuritech

Augments fashion marketing solutions with visual recognition technology and ML by predicting consumer preferences across platforms (including social media); it spots minute fashion details, analyzes market behavior, and generates fashion forecasting algorithms to optimize product offerings

BlueOcean

A brand intelligence platform that increases brand value by pulling data from various resources such as brand content, user-generated content, and business performance content; this data is analyzed to formulate a SWOT analysis, along with actionable recommendations for the brand

Challenges in implementing intelligent automation

From aligning the firm's marketing strategy to the automation platform, to integrating the platform with the MarTech stack, marketers are facing multiple challenges, including:

Choice of strategy: Enterprises often need to choose between multiple strategies to automate the marketing function, and these could range from deploying tools to increase the efficiency of existing processes to replacing existing processes with intelligent technologies.
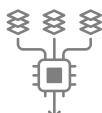
Lack of high-quality data: Poor data quality results in the failure of AI initiatives such as intelligent chatbots, hindering an organization's plans for future adoption.

Scarcity of marketing technologists: Organizations struggle to find MarTech talent with creative skill sets that complement hard technical skills. As the demand for such talent grows, organizations should consider outsourcing tasks to third-party providers with a global delivery model to deliver cost-effective services at scale.

Data silos and app integration: Implementing automation across an organization requires strong collaboration between different stakeholders, lack of which may create bottlenecks and slow the deployment of automation projects. To further complicate matters, the rapid growth of MarTech solutions is resulting in further fragmentation of work instead of assisting in consolidation.

Inherent biases in automation solutions: AI and ML solutions built on historical data may reflect past racial, gender, or other biases, which could prove to be detrimental to a firm's reputation. For instance, a popular social media platform showed ads about homes for sale to white users while showing rentals ads to minorities.[1]

These challenges can be addressed through a well-rounded approach that rethinks every strategy and decision through an automation lens. In the next section, we look at some of the best practices that enterprises can follow to optimize their automation efforts.

Marketers need to choose from ~10,000 MarTech solutions currently available in the market[2]. About 50% of marketers are overwhelmed by the technology at their disposal[3].

1   David Meerman Scott
2   Chief Martec - Marketing Technology Landscape, 2022
3   Clevertouch State of Martech Summary Report, 2022

Best practices for enterprises

To achieve success with their automation initiatives, enterprises should:

Leverage human-AI synergies: While automation and AI can improve the efficiency of marketing campaigns, integrating human feedback into processes by way of sales interventions or tweaking of algorithms to reduce bias can improve results.

Streamline collaboration across teams: A siloed environment with poor cross-team collaboration results in a disconnect that takes teams in divergent directions. The marketing department should align with the sales and IT teams and focus on common goals to achieve better outcomes.

Revamp the talent strategy: Experiment with internal talent marketplaces or a digital platform that offers visibility into the bandwidth of tech-savvy talent within the organization that can be leveraged to fast-track automation projects. Leveraging the gig workers can also accelerate the deployment of marketing automation solutions.

Standardize data sources: A single, unified data model with a well-defined taxonomy can help ensure consistency and fast deployment. Organizations can explore data quality management tools and invest in AI applications that analyze big data.

Measure the effectiveness of marketing solutions: Enterprises should accurately measure the effectiveness of their marketing solutions to identify bottlenecks and mitigate future risks. They should map the areas of improvement against clear KPIs to measure success.

Conclusion

Intelligent automation has significantly improved the marketing function's ability to translate data into actionable insights, meaningful interactions, and connected customer experiences, driving positive business outcomes. The promise of end-to-end automation of marketing services is even more compelling. Given the enormous potential of intelligent automation technologies, CMOs and other leaders should be mindful of the different technologies available today and the latest developments in the space. Enterprises should have a long-term intelligent automation strategy in place. Over time, they should integrate AI and related technologies with marketing systems instead of relying on stand-alone applications to maximize value.

Finally, enterprises also need to be cognizant of their customers' concerns, especially those around privacy, security, and bias as they deploy intelligent automation for marketing. Ensuring transparency in the way customer data is collected and used and guaranteeing protections (for example, instituting a privacy and ethics review board for vetting AI projects) will be instrumental in the success of any enterprise marketing/customer-facing initiative.

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