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In association with
BCUD, Savitribai Phule Pune University
(Under Quality Improvement Programme)

Organised By

Maharshi Karve Stree Shikshan Samstha's

**SMT. HIRABEN NANAVATI INSTITUTE OF
MANAGEMENT & RESEARCH FOR WOMEN
(HNIMR)**



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Permission Marketing Accompanied By Artificial Intelligence for Transforming Customer Experience

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Abstract:

Seth Godin (1999) has proposed a new idea-permission marketing. Here, consumers provide marketers with the permission to send them certain types of promotional messages. This is seen as reducing confusion and search costs for the consumer while improving targeting precision for marketers. Permission marketing has several advantages and it is consumer friendly. It can serve as one of the most suitable marketing strategies which are liked by the consumers. Consumers are treated with dignity, their privacy, preferences and convenience is taken care with permission marketing approach with the help of the information provided by them. Marketers can design and implement better marketing campaigns by analysis the information provided by consumers this will help in betterment of product and services marketing and hence will help in enhancing business productivity, in terms of advertisement cost, large customer reach and better customer experience. This paper critically analyses the concept of permission marketing and its relationship to existing ideas in the marketing literature is discussed, also focuses on the taxonomy of models used to implement permission marketing now a days, finally, a permission marketing powered by Artificial Intelligence for transforming customer experience, which will help in customer relationship management.

Permission based marketing is an innovative and modern concept evolved from the widely used traditional marketing concepts like Telemarketing, Direct mail, Customer relationship Marketing (CRM) etc. These marketing concepts are adopted by the various marketers to maximize their profit but because of these the customers are interrupted and their privacy is disturbed, permission marketing is the solution for new generation consumers.

Permission marketing with artificial intelligence has a great advantage for enhancing businesses.

Keywords: Permission Marketing, Artificial Intelligence, Customer Relationship Management (CRM), Customer Experience.

I. INTRODUCTION

Permission Marketing is a strategy that gains popularity among the marketers because of its suitability in the present technologically advanced world of commercial clutter. Increasing commercial clutter and increasing promotional cost have compelled the marketers to look for a good and suitable strategy of reaching out to the target customers. The concept of —Permission Marketing‖ obviously overcomes these challenges for the marketers and customers. It is certain that Permission Marketing helps the customers to reduce the search cost and avoid the clutter. The foremost advantage of Permission marketing from the view point of the marketers is that it facilitates effective —Target Precision with suitable Permission Intensity‖. Permission marketing along with use of Artificial Intelligence can be much more beneficial for marketer and customers.(Soundararaj, 2012)

Marketing at present is considered to be a competition for attracting the attention of people, more specifically the target customers. The interruption strategy, followed by the marketers was really effective in reaching the customers when there was no commercial clutter in any available medium. But, now there are many things with which the people are made busy and find no time to respond to the interruptions. So, the interruptions are either ignored or complained by the people. Today, the important attribute of a Television is —cluttered with commercials‖. It is more apt to say that television and commercial clutter are inseparable. Similarly, the other available media such as, Web, Print, etc. are also no exceptions to the commercial clutter. The challenge for the marketers today is to persuade consumers to volunteer attention- —to raise their hands‖ (Godin’s phrase)- to agree to learn more about a company and its offering.(Godin, Permission Marketing: Turning Strangers into Friends and Friends into Customer, 1999)

—Permission Marketing“ is also called as —Invitational Marketing‖. It is the opposite of Interruption marketing, used by the marketers traditionally. Permission marketing is about building and maintaining a profitable and long-lasting relationship with the customers that facilitates better interaction and communication with them. Among the few people who have defined the concept —Permission Marketing‖, the pioneer and perhaps the father of the concept, Seth Godin has defined the concept in a convincing way. In his words, Permission marketing is —turning strangers into friends, and friends into customers‖.(Godin, Permission Marketing: Turning Strangers into Friends and Friends into Customer, 1999). Permission Marketing is a like a blessing, given for the marketers to effectively communicate with their target customers overcoming the challenges of the increasing commercial clutter. It is more of a privilege given to the marketers to deliver desired and relevant communication to the

people who actually want to earn their attention. For example, a potential buyer interested in buying a new life insurance policy on Policybazaar.com, fills his requirement and gives permission to policybazaar.com to send the messages related to the best suitable and affordable life insurance quotation. The advisor/ client executive from policybazaar.com end messages to the customer on the requested aspect. The messages could be delivered either through post or e-mail or SMS using Mobile phones or communication over phone. Such communication from Policybazaar.com to the customer will be much appreciated by the customer. Customer saves its time, energy, also gets the appropriate information with best price and gets fill of privileged customer, marketers on the other hand sales his product to a happy and satisfied customer. (Godin, Permission Marketing: Turning Strangers into Friends and Friends into Customer, 1999)

II. WHAT IS PERMISSION MARKETING?

Permission marketing concept is not clearly known to the marketers, by knowing it will enhance the application of it in real sense.

- Attracting the attention of the customers is imperative for the marketers to reach out to them with relevant marketing information. This concept realizes that treating people with due respect is the best way to earn their attention.
- —Pay attention“ is an important aspect in Permission marketing. The permission marketers understand that when a customer decides to pay attention, he is actually paying the marketers with something that is precious. The customer’s attention should be utilized before their desire expires.
- The real permission is different from presumed permission. For instance, a marketer somehow comes to know the e-mail address of a customer, does not mean that the customer concerned has given permission to the marketer. Moreover, if the customer does not complain, it does not mean that the permission is granted.
- The process of obtaining permission from a customer is almost similar to the process of getting into dating with someone. The marketer does not have to open up the sale at first sight. It should be progressive.
- Permission obtained from a customer does not have to be formal but it has to be obvious.
- The payment of subscription is an overt act of permission. Therefore, those who have subscribed for a newspaper and / or magazine are more valuable than the others who might buy the same from the shops.
- The interaction between a customer and a marketer could be had and continued for the life time of both, just based on a small and single permission, given once. For example: Permission given for sending a newsletter or subscription of magazine.
- The marketers can honor the permission of different customers in different style and manner. The new technological advancements like Artificial Intelligence really facilitate the marketers to treat and respond to different customers differently, perhaps in a more customized way.(Godin, Permission Marketing, 2008)

III. RELEVANCE OF PERMISSION MARKETING

Before the concept of —Permission Marketing‡ gained acceptance among the users, Don Peppers and Martha Rogers threw their idea in the year 1993 for the requirement of a strategy like —Permission Marketing‡. According to Don and Martha, there are two ways available in front of the companies to increase sales. One way is, selling more to its few existing customers. The other way is, selling few to many customers. The former way recommends concentrating on focusing the existing customer base whereas, the latter requires the company to search for more and more new customers to increase the sales. The argument is not for ranking which way is superior. Each is good in different situations. The point to be understood is that when both are applicable in a situation, the former way is better and economical than the latter one. It is obvious that attracting and satisfying new customers is few times costlier than retaining the existing customers. Latter in 1999, Seth Godin coined and introduced the concept —Permission Marketing‡. In his words, it could be understood that permission marketing is a new way of selling the marketing offers in which a potential customer gives his consent in advance to receive marketing communication on his/ her desired areas and categories. Followed by, the marketers plan the marketing communication / messages to match with the interest of the customers. In addition, there are few other reasons that have led permission marketing to gain good acceptance among the users. (Godin, Permission Marketing: Turning Strangers into Friends and Friends into Customer, 1999)

- The cost of reaching out to a customer using permission marketing is much low whereas, the benefit from it is valued to be more.
- Consumers provide permission to the marketers to send them certain types of promotional messages. This really contributes for reducing clutter and search costs for the customer while the same improves target precision for marketers. Target precision refers to accurately identifying suitable target customers for a product or service.
- Permission Marketing may be a technique to reduce privacy concerns of individuals. The same point has been shared by Sheehan and Hoy (2000).
- Promotion of high degree innovation, new product introduction and promotion of transportation services could be efficiently done using permission marketing.

In the digital media Artificial Intelligence is incorporated in the forms of ‘_Cookies’ in the browser, which captures the internet surfing behavior and buying patterns of the customers and helps in showing the related banner ads. AI plays a vital role in targeting the right customer, AI can be utilize for retargeting the existing customers with the help of his permission.

IV. PERMISSION MARKETING POWERED WITH ARTIFICIAL INTELLIGENCE (AI):

According to Avinaash.M, Dr.R.Jayam, 2018,with the internet revolution and digital marketing, the light on mass media advertising has been diminishing at a staggering rate and things like personalisation, neuro marketing, conversion optimization, marketing automation, voice recognition have been booming, allowing the technology like Artificial Intelligence (AI) to grab the limelight.

Although AI has originally been conceived during the 1950s, it has taken nearly half a century for businesses to enjoy the real benefits from its applications. It was only during the twentieth century that the insight related AI-based marketing application took a rapid and wide leap due to the accumulation of rich consumer data generated from popular social engines and private influence of industrial giants. However, AI for marketing is already on the hype and has become a pervasive part of today's competitive world. Businesses, no matter small or large, are utilizing the marketing opportunities to procure big goals and create massive breakthrough using AI. Since marketing is truly dynamic in nature and deals with the everchanging people's emotions, AI takes its form in different business verticals, formulating itself to be the real game changer.(Avinaash.M and Dr.R.Jayam, 2018)

V. WHAT IS ARTIFICIAL INTELLIGENCE (AI):

Although there are numerous definitions for Artificial Intelligence (AI), it simply denotes —making machines act like human mind. Basically, AI is of three types:

- Weak AI, that is, Artificial Narrow Intelligence (ANI), which works on something which is specific.
- Strong AI, that is, Artificial General Intelligence (AGI), which mimics human-level intelligence.
- Superintelligent AI (ASI), which is capable of creative and scientific thinking, exceeding the human-level intelligence

So far, weak AI has encountered numerous implementations in the marketing domain. For example, Amazon, Google Deep Mind, Google's AlphaGO, Deep Stack, and TexasHold'em Poker use some form of weak AI. While, Strong AI drives marketing through visual recognition, language processing, voice recognition, intelligent computing and robotics. Currently, both the weak and strong AI are playing a dominant role in the marketing industry trying to change its base right from strategy to sales.

Although AI finds its application in many sectors, marketing and sales department, in particular, is on the verge of revolution and hence shows early adoption (Artificial intelligence for marketers 2018: Finding Value, 2017). This is because AI will allow the marketers to match and format their product information with the information that the buyers are searching for, so as to ensure effective consumption of products and services. For instance, the American Marketing Association (AMA) applied AI in data collection process,

and for analysis and findings. It was named LUCY, which helped to retrieve more relevant data based on customers' queries. Currently, AI impacts almost all aspects of human life. All technologies, such as smart devices to Chatbots to driverless cars, pursue AI's participation to convert consumers' needs or wants or preferences into a customized experience. AI provides the marketers with better opportunities to understand and connect with buyers in more intelligent ways.

To all recent-trend marketers, artificial intelligence has turned to be a must-have scenario because consumers are demanding the marketers to make communication on a 1-on-1 level and in a more personalized way. Moreover, the marketers believe that AI is capable of improving personalization and customer targeting more effectively than before.

VI. AI IN MARKETING CHANGING CUSTOMER EXPERIENCE:

According to 'Senior Executives Worldwide' report, June 2017, 79% of executives have voted that AI helps in creating new insights and better analysis of data, 74% have stated that AI makes their organization more creative, while 71% have declared AI guides them in making better management decisions (Artificial intelligence for marketers 2018: Finding Value, 2017).

The year 2017 has been focusing on native advertising, influencer marketing, live streaming, content marketing and mobile-first strategy. In the year 2018 aims at consolidating and integrating all the modern-age strategies. The maturation of artificial intelligence can be perceived in this year through online integration with offline retail. In addition, the digital payment and online buying will become common in rural areas too (Nair, 2018). AI is becoming smarter and smarter in analyzing human behavior as well. Amazon and Flipkart has initiated —Anticipatory Shipping, wherein it may relocate products to the nearest delivery center just by anticipating customer's order.

VII. MARKETERS AND CONSUMERS IN AI WORLD

According to Andrew Stephen, the Associate Dean for Research and the Head of the Marketing Faculty at the University of Oxford's Saïd Business School, Four things that marketers must remember about AI. First is the data quality – marketers must collect as many data points as possible and measure each variable appropriately. Second is to gather immense knowledge on machine learning, AI, and advanced analytics. The third point to remember is that 'automation is necessary but not mandatory for everything'. And the last, yet the important thing to keep in mind are 'consumers', who are needed for the success of AI in marketing (Bhatia, 2018).

A. Understanding User Behavior – AI Trends

With AI, marketers are able to completely understand consumers' behavior and maintain a personalized relationship which was difficult or impossible before. The following are notable applications of AI to generate consumer insights.

1. Customer Targeting and Lifetime Value Enhancement: According to Brian Solis, a principal

analyst at Altimeter Group, —Customer Lifetime Value (CLV) tied to artificial intelligence (AI) and machine learning focuses marketers and developer on targeted engagement and growth. The idea is to drive profit by investing in more value-added user experiences and personalized offers. Doing so intentionally cultivates meaningful relationships with key customers (Lieb, 2011). Hence, to reach more high-value users, AI and machine learning use the data from the existing high-value users so as to move other users towards effectual interactions. A study conducted by Bain in the banking industry revealed that about \$4 will be expended whenever a customer visits or calls the bank, while only \$.10 will be spent when customers make use of digital app (Lieb, 2011).

2. Customer Engagement: One of the most important aspects that determine sales and marketing tactics is the key insights on consumer buying patterns and behaviors. Based on the buying preferences of consumers, AI can give suggestions/recommendations to retailers on product displays and cataloguing. As per the JDAPWC Annual Retail CEO survey, retailers spend 18 Cents to satisfy customers for each dollar generated via online, predicting that the number will increase. (Mathews, 2018).

3. Customer Loyalty: As per the trend, customer attention span is becoming shorter day by day, and it is highly important for marketers to catch hold of their interest. For instance, Mirza, a cosmetic brand, uses AI to hold its customers back after their first service visit, framing an automatic renewal plan. This way Mirza is able to analyze data and find out when its customers may require the product again that they have purchased recently. The company later sends an automated e-mail reminding them to reorder (Gupta, 2018).

4. Emotion Recognition: Today, marketing is not restricted to target ads based on consumer's needs, instead it is aiming to produce an emotional connection with the users. Simon Sinek, a famous marketing analyst, highlighted in one of his Ted Talks: —People don't care what you do, they care why you do it. Hence, brands believe analyzing emotions from consumer conversations to be an essential segment of marketing (Tuten, T.L. and Solomon, M.R., 2018). Few years before, AI failed to express or understand human emotions. However, the current technological advancement had made this possible. At present, AI can recognize and deal with feelings such as anger, sadness, sarcasm or frustration. This capability to understand emotions and react to humans would expand AI application in other sectors like education or medical counseling department too (Mathews, 2018).

VIII. CONCLUSION

The marketers should reach out to the customers and effectively communicate with them, if they want to survive and prosper in their business. The best way identified is —Permission Marketing that helps the marketers to obtain permission from the customers in advance and communicate with them in the way it is intended for by the customers. For the past few years, artificial intelligence has stepped into marketing, helping marketers to enhance marketing strategies, product planning, and customer experience in a considerable manner. It has an amazing potential in gaining competitive advantage and strengthening customer relationships. It serves as a helping hand for marketers by reducing their manual workloads, simplifying the work plan, and supporting them in making rapid and effective

personalization decisions, thereby ensuring easy targeting. In short, marketers are suggested to use this permission marketing strategy to effectively reach out to their target customers along with AI which allows the marketer to finally lead to smart and competent marketing.

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