

AI in Marketing Trend Report

2023

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Presented to
Digital Marketers

Prepared by
Krista Chen

Executive Summary

The AI in Marketing Trend Report 2023 is a comprehensive guide for the marketing professional interested in the rise of artificial intelligence. It compiles the results of research surveys to provide insights into marketers' opinions and perspectives on integrating AI into marketing processes.

Overview

This report delves into a comprehensive background on AI and zooms in on marketing AI by analyzing research on perceptions of AI-based marketing. Additionally, it provides marketers with practical tips on how to implement AI in various areas of marketing.

Highlights

This report provides comprehensive background information and data on marketers' understanding of AI, the impact and importance of AI in marketing functions, as well as the outcomes and applications of AI-based marketing.

In the final section, "Trends & Applications," the potential of AI in several marketing activities are explored, including email marketing, copywriting, and search engine optimization.

Conclusion

Overall, this report highlights the growing importance of AI in marketing and provides actionable insights for organizations looking to stay competitive in the ever-shifting marketplace.

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Background

The term “Artificial Intelligent” has become a buzzword in our society. As a result, many people may not understand what exactly the term means.

What Is Artificial intelligence?

Generally, the mention of AI conjures up images of “uncanny valley”-type automated robots who work for humans. This perception is most likely due to the image of human-machine interaction shown in media exclusively as robots. However, artificial intelligence is larger than that — it applies to any variety of machines that “[need] to think like a human resulting in continuous learning and problem-solving” (Verma et al., 2021).

Additionally, Pedro Domingos, author of *The Master Algorithm: How the Quest for the Ultimate Learning Machine Will Remake Our World*, describes artificial intelligence as “a subset of computer science, in which computers can undertake reasoning and common sense tasks — such as vision and

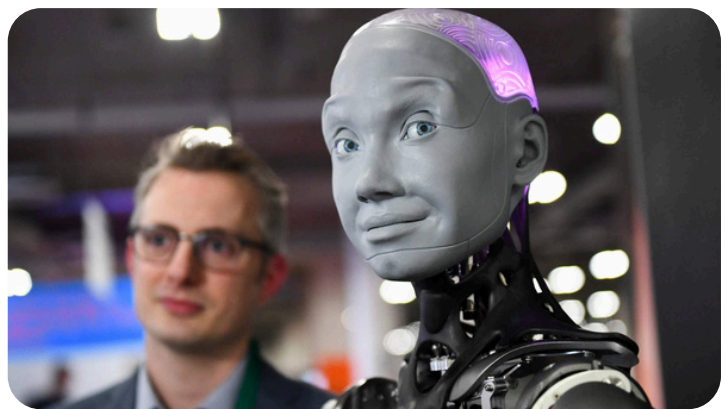


Fig 1. Morgan Roe, director of operations at Engineered Arts, presents the company's Ameca humanoid robot, CES 2022 (JapanTimes)

knowledge — which were formerly only undertaken by humans” (Conick, 2017). Though the tasks performed by AI were usually those deemed boring and rote, there has been, a drastic rise in use cases and applications across sectors.

Before delving into artificial intelligence for marketing purposes and applications, it's important to understand the origins of AI. Initially a science fiction concept proliferated in the 1900s, AI officially emerged in the mid-1950s with computer scientist John McCarthy's introduction of the term at a

Dartmouth College conference. This conference marked the start of extensive research in the field of how human learning and intelligence could be simulated by computers and solve the kinds of problems historically “reserved for humans” (Glazer, 2022).

By the 1980s, Japan and the U.S. started investing heavily in the research and development of artificial intelligence machines and software. This led up to the 90’s when sophisticated neural networks were developed. In the early 2000s and 2010s, AI began to power and transform various sectors, such as law enforcement (face recognition software), medicine (cancer diagnosis), manufacturing (industrial robots), and automotive (self-driving cars).

However, AI advancement is not without its flaws. Cognitive scientist Gary Marcus argues that “right now, we have a lot of premature AI...we have all kinds of problems with bias, toxicity, misinformation, unreliability”, but predicts that “in 2200 we will have AI that's reliable, trustworthy and doesn't make stupid mistakes” (Glazer, 2022).

What Is Marketing Artificial intelligence?

Marketing is one particular field that artificial intelligence has recently begun to impact in a larger way. According to Verma et al., the current literature on AI in marketing focuses primarily on its effects and applications in customer experience management (CEM), customer relationship management (CRM), and supply chain management (SCM).

Davenport et al. define marketing AI as: “artificial intelligence [as it] influences marketing strategies, including business models, sales processes, and customer service options, as well as customer behaviors.” As AI offers the potential to ultimately increase revenue while decreasing costs, it is natural that businesses would incorporate AI into their processes,

which includes marketing.

Rise of AI

Paul Roetzer, founder and CEO of the Marketing AI Institute, says regarding artificial intelligence's impact on the marketing and sales industries:

“These breakthroughs are accelerating innovation and creating increased uncertainty about where the limits of intelligent systems will be in the months and years ahead. And they’re ushering in a unique moment in time where every career path and business in marketing and sales will be changed by AI.”

Roetzer cites the following phenomena:

- The **ever-present existence of data** in our world, and our need to understand and act on it.
- Consumers’ increasing demands for both convenience and personalization in **B2B and B2C marketing**, scales, and service.
- **Leadership’s rising expectations** in talent performance and financial resources.
- **Big Tech’s expansion in AI research**, leading other tech companies to also ramp up AI acquisitions, investments, and solutions.
- Acceleration of AI-driven innovation, paving the way for and spurring **entrepreneurs** to drive change.

Together, these factors make for a near “perfect storm for wide-scale disruption” — the ripples and waves of which marketers and salespeople industry-wide are beginning to witness and adapt to.



Fig 2: *How Artificial Intelligence Is Unlocking the Possible for Marketers; Acceleration Economy, 2022*

The projected future of AI is indeterminate, but bright — though there is worry about AI’s potential to “run amok in society” (Anyoha, 2017) largely due to its novelty, there are many useful applications to its developments as a field as well, particularly in the field of marketing.

Introduction

In 2023, artificial intelligence is playing an increasingly significant role in shaping the modern world. From virtual assistants like Apple's "Siri" to OpenAI's advanced chatbot "GPT," AI is continuously evolving and impacting various industries, including marketing.



Fig 3: OpenAI Logo; *rafapress*, 2022

As artificial intelligence continues to revolutionize and disrupt marketing across industries, businesses that adopt AI marketing strategies are gaining an increasingly competitive edge over their competitors. From using AI to analyze sales data to content development, AI is transforming the way marketers connect with their audiences.

This trend report delves into two major research studies, each centered on the impact of AI on existing marketing processes or marketers' behaviors. It sheds light on a few new trends that have emerged as a result of this increased proliferation of AI in marketing. Read on to discover the latest trends in AI-powered marketing.

Data & Analysis

There has been an increasing number of studies dedicated to understanding artificial intelligence and its impact on certain industries. The data in this report is derived from analyses from trusted industry leaders, such as the Marketing AI Institute and McKinsey & Company. The “2022 State of Marketing and AI Sales” Drift report in particular is specially designed to aid marketing and sales professionals in understanding how artificial intelligence can change technological processes and effect career opportunities in the marketing field and beyond.

Understanding AI

Businesses are increasingly relying on AI-powered tools and strategies to gain insights, optimize campaigns, and enhance customer experiences. However, with this rapid evolution, it is important to understand how marketers perceive and utilize AI.

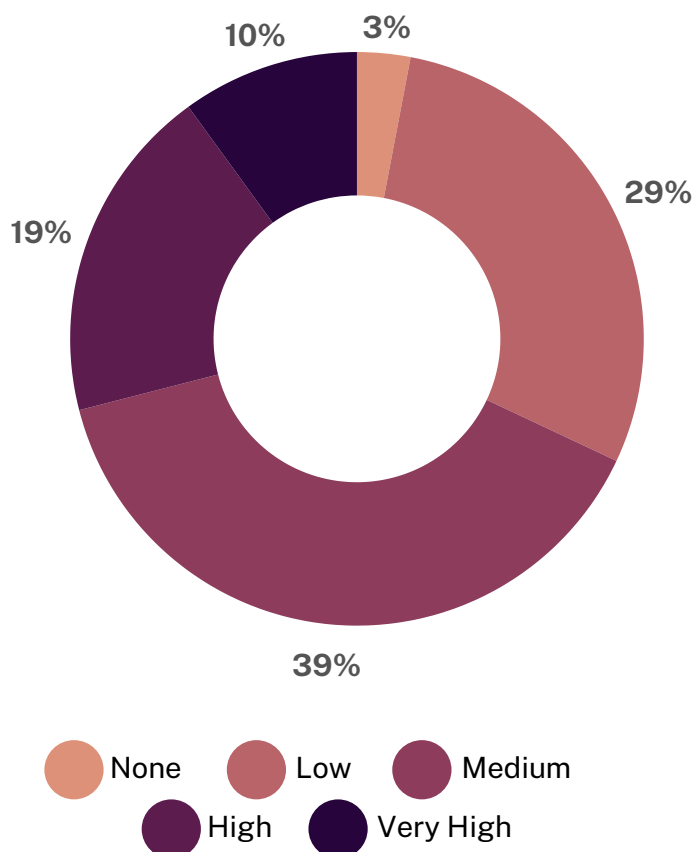
This section delves into two key pieces of data that shed light on the marketer's understanding of AI: their familiarity with AI terminology and their confidence in using AI for marketing. This data, procured from the “2022 State of Marketing and AI Sales” by Drift and the Marketing AI Institute, provides valuable insights into the level of knowledge and education around AI in the marketing industry.

One particular survey question asked marketers to classify their understandings of AI, measured by their familiarity with common AI terminology and functions. This data provides valuable insights into the level of knowledge and education around AI in the marketing industry. The research question asked was, “How would you classify your understanding of AI terminology and capabilities?” Results from 611 respondents showed

that 45% of marketers would designate themselves as “beginner,” 43% as “intermediate,” and 12% as “advanced.” According to Drift, the percentage of “beginner” AI marketers is 5% lower than last year's percentage, 50%.

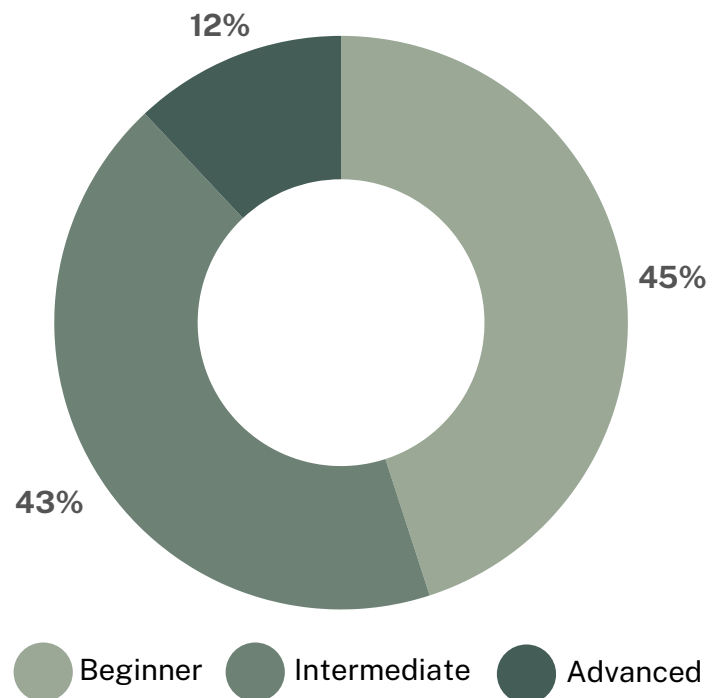
Next, the results of marketing AI confidence rankings were explored, revealing how marketers feel about using AI for various marketing tasks.

Fig 5: Marketing AI Confidence Rating



Source: Drift; 2022 State of Marketing and Sales AI Report

Fig 4: Understanding of AI Terminology (Marketing-Involved)



Source: Drift; 2022 State of Marketing and Sales AI Report

The research question was, “How would you rank your confidence evaluating AI-powered marketing technology?” From content creation to customer segmentation, these rankings provide a glimpse into the level of trust and adoption of AI-based marketing strategies. Results from 2021 showed that 69% of respondents rated their confidence level as medium, low, or none; 31% of respondents in 2021 said they had high or very high confidence.

Overall, these two survey results suggest that while there has been a slight improvement in marketers' familiarity with AI terminology and functions, there is still much room for growth in confidence and adoption of AI-based marketing strategies. As AI continues to advance and become more prevalent in the marketing industry, it is crucial for marketers to stay informed and educated on the latest developments to fully harness the potential benefits of AI-powered marketing.

Impact and Importance

As businesses continue to integrate AI into their marketing strategies and marketers become more exposed to AI, it is crucial to examine the effects that AI is having on marketing jobs and the overall importance of AI to the marketing industry. In this section, two key pieces of data are analyzed to provide insights into the impact and importance of AI in marketing.

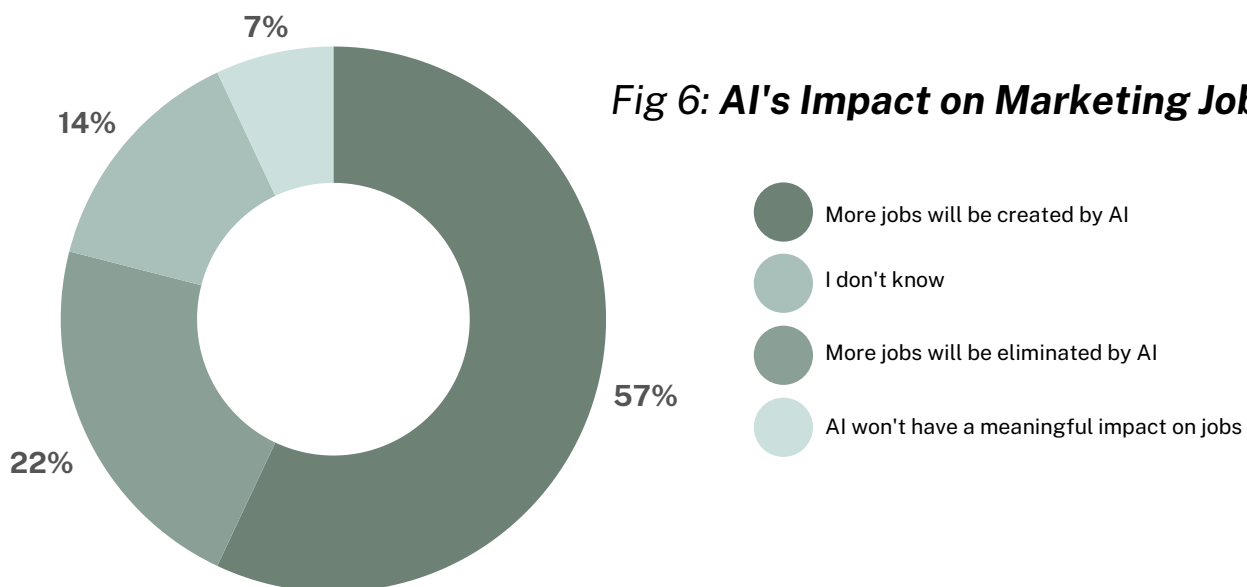


Fig 6: AI's Impact on Marketing Jobs

Source: Drift; 2022 State of Marketing and Sales AI Report

The first piece of data examines the impact of AI on marketing jobs, highlighting the changes and opportunities that AI is bringing to the industry. This data reveals respondents' perceptions of the evolving nature of marketing roles and the skills that will be in high demand in the future.

The research question asked to 554 marketers was: “What do you believe the net effect of AI will be on marketing jobs over the next decade?” Respondents were generally optimistic that AI will create more jobs, with 57% saying that more jobs will be created and 22% saying that jobs will be eliminated.

The second piece of data explores the importance of AI to marketing, providing insights into how marketers view the role of AI in achieving their goals and meeting customer expectations. 479 marketers were asked, “How important is AI to the success of your marketing over the next 12 months?”

Fig 7: Importance of AI to Marketing



Source: Drift; 2022 State of Marketing and Sales AI Report

This data reveals the level of adoption and trust in AI-based strategies and technologies, highlighting AI’s value-add to marketers’ daily tasks. A slight majority (51%) of marketers remarked that AI is either “very important” or “critically important” to their business processes in the next 12 months. On the contrary, only 6% of marketers said that AI was “not important at all.”

According to these two survey questions, marketers generally view AI as a valuable tool for achieving their goals and driving business success. A

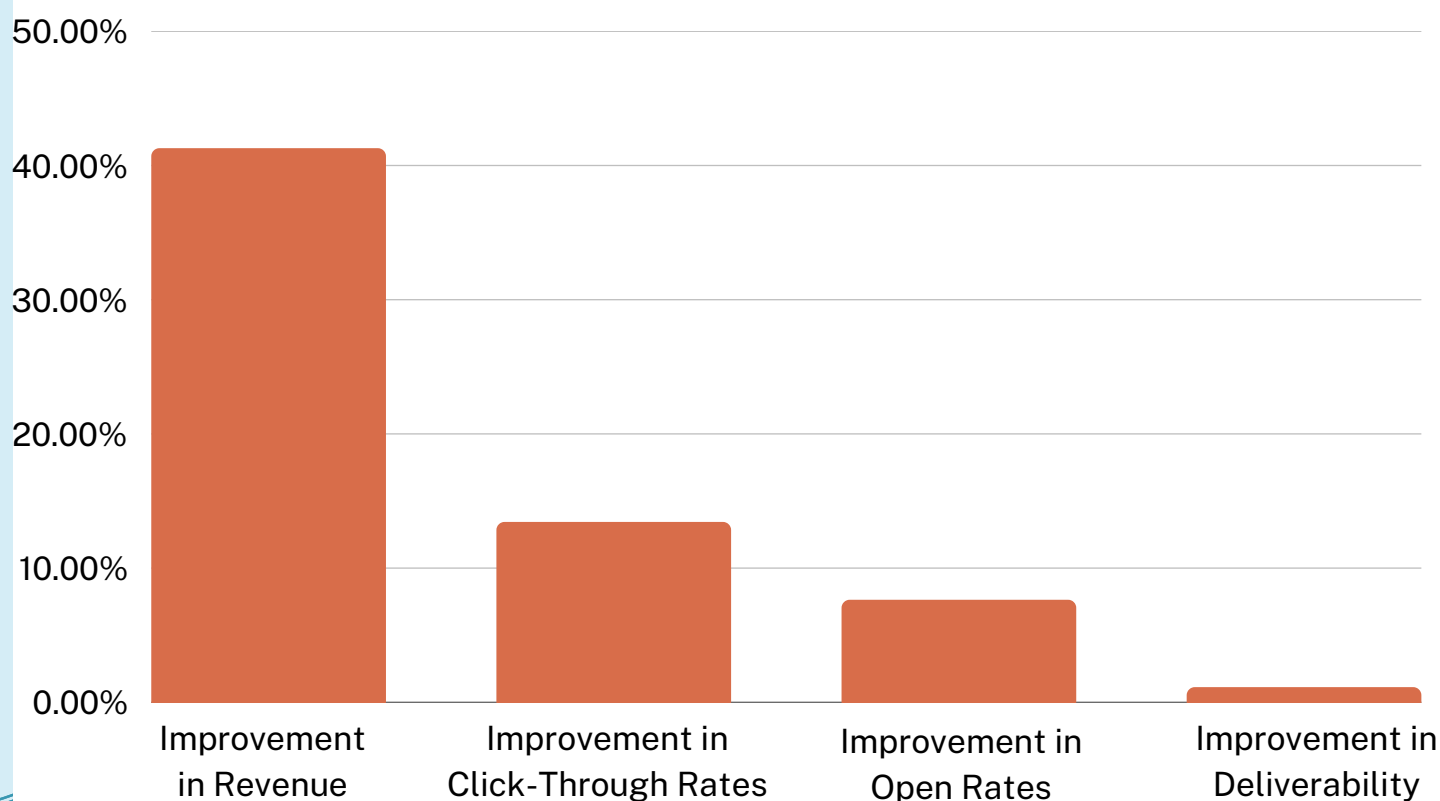
majority of marketers also believe that AI will pave the way for more job opportunities. As AI continues integrating into existing marketing processes, it will be essential for marketers to stay updated on the latest developments and acquire the skills to effectively leverage this technology. The optimistic outlook on AI's impact on marketing jobs also highlights AI's potential to create new opportunities and enhance the overall efficiency of the industry.

Outcomes & Applications

From optimizing campaigns to personalizing customer experiences, AI is being used in a variety of ways across the marketing landscape.

In this section, three key pieces of data are analyzed to provide insights into the outcomes and applications of AI in marketing. The first piece of data from the “2022 State of Marketing and Sales” report examines the outcomes of marketing AI, providing insights into the benefits that businesses are experiencing as a result of using AI-based strategies and technologies. Respondents were asked “What outcomes is your marketing team achieving with AI TODAY? Choose all that apply.”

The second piece of data, through a 2018 survey, explores the positive effects of AI use in specifically email marketing, highlighting the ways in which AI is being used to improve revenue, click-through rates, open rates, and deliverability. 401 marketers were surveyed by Statista to find that 41.29% of marketers marked improvement in revenue as a positive effect of AI use on email marketing, while 13.44% said improved click-through rates and 7.64% open rates. Only 1.13% of marketers surveyed marked an improvement in deliverability.

Fig. 8: 4 Positive Effects of AI Use in Email Marketing

Source: Statista; Positive effect of AI use on email marketing according to marketers in the U.S., 2018

The second piece of data, through a 2018 survey, explores the positive effects of AI use in specifically email marketing, highlighting the ways in which AI is being used to improve revenue, click-through rates, open rates, and deliverability. 401 marketers were surveyed by Statista to find that 41.29% of marketers marked improvement in revenue as a positive effect of AI use on email marketing, while 13.44% said improved click-through rates and 7.64% open rates. Only 1.13% of marketers surveyed marked an improvement in deliverability.

Finally, the top AI use cases in marketing are examined, providing a comprehensive overview of the various applications of AI across the industry, from predictive analytics to chatbots and conversational marketing. Respondents rated the activities 1 (No value), 2 (Minimal value), 3 (Moderate value), 4 (High value), or 5 (Transformative). The top 10 individual use cases by score across all 5Ps for sales-involved respondents were:

Fig 9: Top 10 Marketing AI Use Cases

01. Measure return on investment (ROI) by channel, campaign, and overall. (4.09)
02. Recommend highly targeted content to users in real-time. (3.98)
03. Adapt audience targeting based on behavior and lookalike analysis. (3.98)
04. Optimize website content for search engines. (3.96)
05. Predict winning creative (e.g. digital ads, landing pages, CTAs) before launch without A/B testing. (3.95)
06. Forecast campaign results based on predictive analysis. (3.94)
07. Create data-driven content. (3.94)
08. Discover insights into top-performing content and campaigns. (3.93)
09. Construct buyer personas based on needs, goals, intent, and behavior. (3.89)
10. Predict revenue potential for accounts at different stages of the buyer journey. (3.88)

Source: Drift; 2022 State of Marketing and Sales AI Report

These results reveal that AI can serve as an indispensable tool for marketers to have. Marketing AI holds a plethora of benefits for businesses such as increased personalization, precise targeting, and strengthened customer relationships. Additionally, AI's applications in email marketing, a classic form of digital marketing, demonstrate how the technology is able to be leveraged to benefit revenue, click-through rates, and open rates.

Overall, AI-based marketing has tried-and-true impacts that are valuable for business growth, particularly in this age of AI. As a result, it should be a growing priority for organizations to stay ahead of the latest developments in AI by identifying opportunities to integrate this technology into their marketing strategies. As the field of artificial intelligence continues to advance, it will be fascinating to observe how companies integrate technologies to gain an edge in the marketplace.

Trends & Applications

The widely applicable nature of machine learning and artificial intelligence naturally allows these technologies to fit into most existing business models, enhancing processes and boosting revenue. The following AI trends are likely to transform the marketing landscape in 2023, causing a ripple effect across organizations. This section will predict trends and provide insight into some of the upcoming AI trends in marketing based on recent studies as well as industry reports.

Email Marketing

Email marketing is one of the most fundamental forms of digital marketing that still consistently reaches and engages audiences. As evidenced by the Statista survey, AI has had a profound impact on email marketing. Over 40% of marketers surveyed reported marked improvement in revenue, and over 20% said that either click-through rates or open rates improved. Though techniques such as A/B testing are still frequently used by marketers, the Drift report has shown a move away from these processes, allowing AI to step in and “predict winning creative” such as CTAs and landing pages without having to experiment. AI can bring an unprecedented level of certainty to email marketing by helping digital marketers assess analytics and growth in a new way, without the guesswork.

Blog and Copywriting

AI has stunning capabilities and potential in the field of writing, whether it be long-form (blog writing) or short-form (copywriting). Not only can AI content tools help marketers generate text at unparalleled speeds, but they also cater directly to the use case. For example, marketing-specific AI tools like Jasper can immediately produce ad copy, Twitter bios, long-form blog outlines, email subject lines, or even Instagram captions in the blink of an

eye.

Search Engine Optimization (SEO)

Search engine marketing (SEM) has been one of the most heavily invested activities for marketers in the past few years. Optimizing content for a search engine can easily feel like a guessing game — it can be difficult to know what's working, and what's not. Some software for search engine analytics can also be expensive and require expertise to access and understand. However, AI could be a marketer's best friend for SEM. It can scour the web, performing data analytics to find specific optimized keyword phrases to add to a piece of content to boost its search performance.

Social Media

AI can be incredibly effective in social media marketing, particularly in improving communications between organizations and their audiences. Marketers can utilize AI in their social media marketing efforts by deploying the technology to analyze large amounts of data, subsequently gaining insights into audience behavior and preferences. In coming years, marketers can expect to witness the growth of advanced AI in social media marketing, particularly with activities such as real-time social listening and brand sentiment analysis.

Design

Although designers are absolutely needed and required for design work, AI can also help with the design process. AI-generated art has made quite a mark on the world of tech lately, and it's up to marketers and designers to find out how AI can assist their designs. Some ideas include sparking creativity and producing professional visuals quickly for infographics, website visuals, and branding.

Final Thoughts

As organizations explore the doors that artificial intelligence can open, particularly in the field of marketing, it is clear that this new technology offers comprehensive benefits. Overall, this report can be a resource for marketers looking to stay on top of market trends or incorporate AI into their marketing strategies.



Fig 10: AI in Social Media; Canary Mail, 2022

By embracing new innovations and processes such as AI, organizations can better equip themselves for a rapidly evolving market landscape.

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