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Marketing in Transition

Harnessing technology whilst embracing sustainability and traditional values

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Throughout this text, the principles of marketing have been introduced and applied to a number of different products and services. Understanding the essential need to undertake research, discover how consumers and other stakeholders behave, segmenting and targeting the market and designing and implementing an effective and integrated mix to help the consumer position the offering, have always been at the very core of the marketing concept. Although the fundamental concepts are constant, the environment in which marketers have to operate is dynamic. Customer needs change as the political, social, legal, technological and economic environment evolves, and marketers must adapt their approaches to ensure that they stay relevant and continue to offer value. Some developments are incremental but others result in complete market transformation, disrupting how businesses and consumers think and act. Market fragmentation is evident as we see highly sophisticated disruptions to the market, often led by advances in technology being tempered and complemented by a social movement with an interest in preservation of craft skills, the earth's ecological assets and traditional values.

This chapter considers some recent developments that have and will continue to have major impact on what marketers do and how they do it. In the sections that follow, the transformative impact firstly of Artificial Intelligence (AI) and then the Internet of Things (IoT) is discussed. This is followed by a discussion of the way in which social media is changing the way marketers build, maintain and enhance customer relationships and emergence of the concept of Social SRM.

Often neglected in marketing texts, physical distribution is a vital aspect of the marketing process, providing the final link between the producer and consumer, deficiencies in this area giving rise to the so-called “last-mile problem” in the ecommerce sphere. The chapter provides a discussion emergence of “collaborative consumption” and “uberization” (new business models driven by mobile technology) have led to radical change in the way companies fulfil demand.

Pursuant of the principles of the “circular economy”, the chapter also discusses how the concept of recycling has given way to the concept of “upcycling” and the way in which goods are not simply reused but transformed into a higher value item, thus contributing to tackling the need for more sustainable approaches to business and marketing.

Artificial Intelligence

Geraldine McKay

Artificial intelligence (AI) has moved away from the realms of science fiction, and consumers are very familiar with the idea that companies such as Amazon will use artificial intelligence and real time, deep machine learning to automatically suggest products to buy, based on past purchase history. AI is “dramatically reshaping and redefining not only the market and what companies can or cannot do with customer experience, but who we are as individuals and groups” (Conick, 2016). This affects the tactics used but also strategically how we understand organisational purpose through multiple stakeholder interaction.

■ Understanding consumer behavior and segmentation

The power of AI has meant that segmentation in the traditional sense, based on simple group characteristics such as demographics, is no longer the only way to target potential customers. Instead, companies can filter the actions of many customers to help them predict the behavior of an individual. They have learnt that a consumer who behaves in a similar way to others in one particular circumstance may well act like them in another situation. This is not based on age or some other demographic, but on behaviour and the number of factors that explains individual behavior can be so large that only extensive computer intelligence can make sense of this hyper-fragmented data. Offers and effective content can be targeted to individuals. As an example, Under Armour, the sports clothing retailer offer personalised and local training and dietary advice to individuals based on what they have learnt about others in a sporting communities. Grand Metropolitan hotels uses AI to read, contextualise and integrate thousands of customer reviews so that they get an all-round view of customer service

However, consumers do worry about machine-generated knowledge inferring behaviour and predicting their needs far too accurately. Concerns about privacy and a feeling of manipulation mean that companies must be careful in the way that they use such knowledge. (Forest and Bogdan in Tsiakis, T., 2015).

■ Product and service delivery

AI has led to the development of automated products such as SMART cars and robotic support that guides customers through self-service processes. Intelligent assistants or bots, such as retailer H&M’s Kik bot, offer inspiration for fashion conscious customers. The Royal Bank of Scotland have introduced a chat bot called