


Chapter 2

AI in Marketing: AI-Powered Chatbot

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ABSTRACT

Chatbots in marketing employ artificial intelligence (AI) and natural language processing (NLP) to quickly and accurately answer client questions. Chatbots may learn and forecast consumer needs without human intervention, enhancing service and satisfaction. Digital marketing AI chatbots identify relevant online data points and optimize activities for clients and businesses. The scripted, rule-based, and AI-powered chatbots are leading AI chatbots that learn from previous interactions, personalize depending on customer profiles and preferences, and use predictive intelligence and analytics. Chatbots minimize support and live operator utilization, saving businesses money and time by automating user experience and transactional functions. AI in marketing and chatbots for customer care, sales, shopping, and marketing are covered in this chapter. However, chatbots can't handle complex requests or recognize human traits. Chatbots should not replace human connection and should boost customer pleasure and help through AI marketing.

INTRODUCTION

AI-powered chatbots use AI and NLP to answer common inquiries in messenger interactions. These message, text, or speech discussions assist customers and companies. The AI Chatbot first analyses the question's intent and then gives the most relevant answer based on the data. AI-driven chatbots can learn and predict client wants without human involvement, which is their main benefit. First, businesses teach AI-powered bots to recognize and react to FAQs, related articles, and different variations of the same question. Then they can detect the most common questions and respond instantly, improving customer assistance. They learn from each discussion, comprehend the question context, and train to give more appropriate answers. Each conversation increases AI chatbots' ability to answer more questions and

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improve their accuracy. While the customer types their question, powerful AI bots can make real-time suggestions.

AI applications in digital marketing identify relevant information from billions of internet data points for business purposes. It would tell, what pricing converts best, when to post, what subject line works best, etc. Smart marketers follow all trends. It simplifies tasks and encourages innovation. Benefiting clients get value in the marketing industry AI changes (Priyanka, *et al.*, 2023).

Further, AI chatbot software may understand language other than pre-programmed commands and respond based on data. Visitors can speak their minds and lead the conversation. AI chatbots learn from their talks and may adapt to new patterns and situations. This allows them to be used for many purposes, such as evaluating consumer emotions or predicting site visitors' preferences. Chatbots and AI have transformed digital marketing and customer engagement. In digital marketing, chatbots enable seamless, fast, and 24/7 customer engagements. They improve user experiences by streamlining communication, providing quick help, answering questions, and guiding transactions. This timeliness and accessibility boosts consumer satisfaction, conversions, and brand loyalty (Feng, 2023).

ROLE OF ARTIFICIAL INTELLIGENCE IN MARKETING

AI teaches computers to understand and behave like humans. Based on data, AI has produced a new intelligent machine that thinks, responds, and works like people. AI can do complex tasks like robotics, speech and image recognition, natural language processing, and problem-solving. AI includes numerous technologies that can do human-like activities. With typical commercial processes, these technologies can learn, behave, and perform like humans. Machines that mimic human intelligence save time and money in business dealings. AI aims to create human-like machines. It offers great prospects to many businesses. AI frightens or fascinates every industry mentioned. AI makes technology and devices think and act like humans. Technology is called the “next step” in the industrial revolution. Most of today's problems may be solved by AI and ML (De Mauro, *et al.*, 2022).

Moreover, AI may foresee future issues. Create new technologies, industries, and surroundings with AI. AI replicates human intelligence in robots. Knowledge, logic, and, most crucially, self-correction are examples. AI understands, analyses, and decides that market and user behavior forecasts are made using existing user data. Companies globally use data forecasts to improve their sales and marketing strategies. Most marketing AI applications use ML, from personalizing product ideas to finding the best promotion channels, calculating churn rate or customer lifetime value, and constructing better customer groups.

Need for Artificial Intelligence in Marketing

AI is a fascinating and cutting-edge technology that enhances content strategy. This technology includes NLP, ML, deep learning, computer vision, and others. ML analyses data and provides analytical tools, which impact digital marketing. It aids marketing teams in needs-based analysis. Companies that employ AI save time by focusing on other digital marketing functions. AI is a huge, emerging technology with significant implications. Figure 1 shows several segments of AI applications in the marketing domain. It deals with pricing, product, promotion, strategy, and planning management.

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