

Chapter 1

Adoption of Artificial Intelligence in Marketing: Legal and Ethical Perspectives

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ABSTRACT

Artificial intelligence is defined as the capability of a machine to perform functions like problem-solving, learning, and reasoning, which are usually carried out by human beings. Growing uses of AI in marketing raise concerns about how AI should be controlled, how it should be used ethically, and how it affects customers. This chapter, therefore, aims at identifying the moral and legal implications of artificial intelligence in marketing. The present study adopted the descriptive approach by looking into the available literature signifying the adoption of AI in marketing in the light of legal and ethical issues involved in the adoption of AI in marketing. It is concluded that future applications of AI in marketing would need an ethical and legal solution if they are to ensure responsible and successful adoption. The paper provides the guidelines for the policymakers and marketers on how they can use AI in marketing activity responsibly and ethically while wading through the legal and ethical challenges this new technology is raising.

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INTRODUCTION

With advancing technology, businesses are coming up with a way of incorporating it into their operations. Among areas that have been disrupted to a great extent by technological involvement is marketing. It has increased to a great extent the application of AI in marketing in the marketing industry. Many of the modern-day technologies are enhancing output, smoothing procedures, and computing techniques to enhance the intelligence of society. One of them is artificial intelligence. Artificial intelligence can be described as any advances in technology that enable computers or devices fitted with human-like intelligence to execute tasks that a normal human brain could do (Thilagavathy & Kumar, 2021). Artificial intelligence in marketing refers to data analysis during campaign decision making with the use of machine learning, algorithms, and other technology. It is commonly used in places where speed is important, hence uses in marketing campaigns. AI technologies use information and customer profiles to engage customers at the best possible time, provide customized messages to customers at the appropriate time, ensure maximum output, and all this comes without the involvement of humans and thus saves much time of the marketing team members (Arora & Chandel, (2024). The more customer-centred the market gets, the greater the complexity of decision-making becomes day by day. All this needs an understanding of the requirements and preferences of the customers and matching products to their needs and preferences. Knowing how customer behavior changes will lead to making the right marketing decisions. Artificial intelligence is changing almost every business operation: finance, sales, R&D, and even operations. However, the most remarkable effect of AI currently is on the marketing sector, where experts believe that, apart from creating great value already, it is really going to alter the future of this field. Increasing integration of AI is leaving its footprint in many facets in the field of marketing. The application of AI in marketing involves massive data mining, machine learning for predicting customer behavior, and effective solutions in understanding consumer needs and preferences (Jarek & Mazurek, 2019). Difficulties and opportunities are given by the application of artificial intelligence in marketing. AI technologies bring with them significant improvements in productivity, efficiency, and profits for businesses (De Bruyn et al., 2020). But at the same time, the use of AI technologies in marketing brings forth concerns about data privacy regarding use and personalization, issues that demand solutions such as federated learning and data value propositions (Casper Ferm et al., 2023). Artificial intelligence is thus anticipated to play a vital role in the process of decision-making in marketing, with the bulk of applications being directed at the comprehension of consumer behavior and the creation of effective marketing mixes (Ljepava, 2022). Even if AI assists businesses in some way through automation or simplification of procedures, such as the improvement of customer

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