

CASE STUDY 1: MARKETING IN THE AGE OF ALEXA

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Introduction

As years progressed, notable brands such as Amazon and Google have grown to be more than household names as they have transitioned beyond an online retail store and search engine. With the help of Artificial Intelligence (AI) Assistants such as Amazon Echo or the Google Assistant, consumers are becoming more technical-savvy as they rely on these devices for convenience for everyday tasks. To put this into perspective, Niraj Dawar & Neil Bendle of the Harvard Business Review (2018) note that Google Assistant is now available on 400+ million devices. Similarly, Ben Fox Rubin of CNET (2020) summarizes Amazon's CES announcement that, "There are now hundreds of millions of Alexa-enabled devices in customers' hands worldwide." Overtime, society will gravitate towards these virtual platforms as the main channel to receive our information, goods, and services. With this evolving shift towards AI platform usage, brand's future marketing strategies (such as consumer shopping behavior and their loyalty) will need to be re-evaluated and adjusted to satisfy this evolving market.

AI Platforms for Consumers

As our AI platform usage increases, its algorithm will grow stronger as it will learn our everyday habits and preferences to satisfy our needs. Dawar & Bendel go on to explain that although we may presently have finely targeted marketing, various ads are being directed toward consumers who are not fit prospects while also failing to reach those who may be interested in the offering. A real-life example of this that I have witnessed, would be where a corporate shoe giant targeted ads towards festival attendees during a Downtown music festival but failed to mention all paying guests (non-festival attendees included) are welcome to experience the event as the venue was not in the actual festival. Because of this marketing flaw, the turnout for their

event was shockingly low throughout the entire festival weekend. Additionally, although a brand's ad may be successfully targeted towards the right audience, their message may still not be retained because most consumers will not instantly retain the information.

Unlike a brand marketing strategy that may be inconsistent, platforms analyze the data of its consumers in terms of the following: product pricing, characteristics, past performance, and product reviews, along with one's personal preference and previous behavior. With our consumer shopping behavior varying, more sophisticated AI platforms are working to figure out consumer trade-offs. As discussed in our textbook, *Human Pursuit of Happiness* (Chapter 10), we as consumers have trade-offs in the presence of both publicly/privately consumed luxuries & necessities. Therefore, the algorithms will take into consideration how in certain categories (such as a laptop, a privately consumed luxury), we may choose a more reputable brand despite its higher price. Conversely, the algorithm will need to also take into consideration items like privately consumed necessities such as a toothbrush where the brand is less important to most consumers. In terms of both customer satisfaction and brand loyalty, Dawar & Bendel also point out the false marketing assumption that repeat business is the direct indicator. Instead, it seems many consumers actually continue to buy the same products because it may be inconvenient to take a chance and explore other alternatives. To assist with this, the AI platform continuously reassesses the variety of brand options and recommends a new choice that may be better suited for the consumer. By learning the consumers' preferences and suggesting good alternative products, consumers are more likely to invest more trust into the AI platform altogether.

AI Platforms for Brands

Throughout the years, companies have gravitated towards cultivating relationships with their buyers in hopes of the following: understanding and satisfying their needs, assuring that

they are offering quality, and prioritizing their consumers' interests above other business operations. An example of a commonly used marketing strategy that we discussed in our MKT/IB 425 class would be how brand ambassadors visit the stores to provide samples to the public and give them more product information in hopes of increasing sales. Currently, numerous brands have contractual agreements with the grocery stores in which their product receives premium placement that may be more noticeable to the consumers. With AI platforms, brands will use similar tactics mentioned previously; however, they will eventually prioritize the algorithm more than having direct communication with their consumers to receive the consumer behavior feedback. Similar to the grocery store example, it is very likely brands will pay these platforms extra to receive premium positioning. However, while the AI Assistant is generating compatible matches for their consumers, they must also be transparent when showcasing brands with a contractual relationship to avoid weakening consumer trust. Above all, these AI platforms will aid brands as they provide extensive consumer behavior data in which brands can reassess their segmentation, pricings, product offerings, promotions, and along with other tactics to satisfy their consumers' needs. With the constant purchase reevaluation on AI platforms, the competition will be much more intense where challenger brands may enter the market. Because of this, Dawar & Bendel note that incumbent brands will need to justify their positioning while also utilizing the platform's data to understand why consumers may be straying away from their brand. If the AI platform detects that a consumer has strayed away due to a desire for change, the brand may be notified and they may choose to provide a customized offer in hopes of retaining business. By offering customized offers to their consumers, these brands are constantly recognizing and responding to the evolution of their consumers' desires.

Conclusion

To conclude, AI platforms will provide brands with a variety of benefits in learning more about consumer behavior in ways traditional marketing strategies may fall short. It is important to recognize that these AI platforms are heavily reliant on both consumers and brands relationships to flourish. Consumer needs must consistently be assessed and satisfied in hopes of strengthening consumer trust with the platform. Although brands receive detailed data, these brands must evolve in such a way where they are quickly responding to changing consumer needs all while also tailoring their speed, quality, and pricing to beat competitors in this intense market.

References

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Opinion Leaders and E-Fluentials [Lecture notes, PowerPoint slides, etc].

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