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Event Briefing

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Digiday AI Marketing Summit

Santa Barbara, California
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Artificial intelligence is in the trough of disappointment. It's chatbots that don't work. It's voice assistants that force people to talk like robots. For AI in marketing, which is very much in its infancy, the hype has overshadowed the reality. But expectations have been unfair. AI is the buzzword du jour, but unlike other technologies, its buzziness built before it even got a shot at delivering. That was the overarching theme at the inaugural Digiday AI Marketing Summit in Santa Barbara, California.
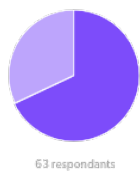
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WHAT WE LEARNED

AI is still a mystery for most brands

AI remains puzzling for those inside brands. Nobody really knows what AI is, as 68 percent of attendees said in a poll at the event. They know they want to use it, but they don't know how -- or where -- it makes sense. Currently, most brands use AI in the most basic ways -- some predictive modeling to figure out customer behavior after they buy something and chatbots to do customer service.

- **There is some indication of AI's possibilities:** One brand said it has managed to build an in-house engine that acquires leads and scores them. "The challenge is what can we do post-acquisition to identify what content customers care about, and educate them on that."

Nobody really understands what AI actually is

True	68%
False	32%

63 respondants

- **The stakes are high.** Get AI wrong, and you're quickly in "creepy" territory. At Equinox, the company tested facial recognition in its gyms to track what people were doing inside, even if they didn't have their phones on them. There were a ton of false positives and some mismatches. "The thing is that even 5 percent wrong negates the 95 percent right," said Samir Desai, Equinox chief information officer.

- **Reality check:** AI is expensive. When asked to draw what AI will look like in marketing in 10 years, one attendee simply drew a giant dollar sign. The difference between AI and other "experimental" tech is it requires significant upfront investment. At the scale you need t make it useful, you have to invest a significant amount of capital and resources.

THE BOTTOM LINE

AI's significance for marketing may not be overhyped, but getting to grips with it isn't easy or cheap.

Poor data is stifling AI's progress

AI isn't working because the data is bad. The most basic use cases of AI, like personalizing emails, require data you can trust. Even machine learning systems are only as good as the data that feeds into them. That's partly why marketers don't see AI transforming marketing anytime soon.

- **Reality check 1:** In order to make models work, you need hundreds of millions of data points. A complex machine learning algorithm can't have a small data set. "If you don't have the data, then you don't even want to touch AI," said

AI will significantly transform marketing within the next

1 year	25%
5 years	75%
10 years	0%
Never	0%

20 respondants

one brand marketer. Data rules all at Equinox, which has used AI to create a fitness "coach" inside its mobile app, along with everything from beacons inside its gyms to markers like time spent inside clubs and data from elliptical machines. Desai said Equinox exclusively relies on first-party data coming through its app.

- **Reality check 2:** For consumer goods brands that don't sell direct, good data is all but a myth. Any data is hard to come by, and there are multiple depositories from places like Omniture, a data management platform, a hashed ID graph or customer files. Even if the data is sanitized, it's difficult to get it in one place to create one comprehensive picture.

THE BOTTOM LINE

Forget the chatbots. Getting AI right means getting your hands dirty and potentially a complete overhaul of your data collection and synthesis processes.

Internal organization is a challenge

Marketers said they're grappling with internal organizational issues and silos that are preventing them from making AI in marketing a reality.

- The hardest part is that AI lives within multiple groups at most companies. That means "point solutions" like a personalized email program are easily pushed through, but larger projects aren't. "It isn't the single top priority of any leader," complained one attendee. "Someone ultimately has to be responsible for risks and rewards. You need one throat to choke."

- At larger companies that are already thinking about 2019 planning, building AI as an investment into planning for the next two years is difficult since there isn't much to point at today. In that case, visionary leadership is important. "I have to be able to convince people to take money out of working media and put money in [AI]," said one marketer at a large brand.

- Another issue is partnerships. A working group at the summit that focused on relationships between brands, agencies and vendors said the biggest challenge is that with AI, it's often not clear what the solution is, making it tough to believe technology companies pitching their products. Suggestions for improvement: Get vendors and agencies to enter into shared-risk agreements so they have some skin in the game, and be very clear with stakeholders -- whether within or outside your brand -- from day one.

THE BOTTOM LINE
If you want investment in AI, turn on the charm offensive.

AI's significance for marketing is over-hyped

True	27%
False	73%

37 respondants

How Samsung learned to love AI

Presenting at the summit, Samsung's svp of customer care, Michael Lawder, talked about developing AI within the company's customer care operation, building a bot into its Samsung+ app.

- The big debate the company had was how "human" the bot should sound. "Our options were: Make it so human that it's creepy, or be upfront that it's a machine," said Lawder. "We took the latter approach that this is not a real person."

- The bot is sophisticated enough to learn about customers, but not to solve actual problems. Samsung is mostly using it as a data-gathering operation.

- "Data is a really complicated problem. Not only does it needs to be good, but it needs to be protected," said Lawder. The company looks at everything from phone data to history to preferences.

- Samsung has embarked on a project to bring all the disparate databases within the company that manage customer info under one roof, with a centralized database being fed by every part of the organization.

- The next five years: Samsung hopes to have an identity system sophisticated enough to allow every part of the home speak to each other and deliver personalized experiences throughout.

OVERHEARD

"There should be a Hippocratic oath in marketing: Do no harm. There's a predilection to use AI and all great technologies to simply do incredibly stupid things."

— Christopher Caen, head of marketing, Ecovacs Robotics

"What am I going to be OK with other people knowing about me? That's what AI needs to figure out."

—Anonymous marketer

"Where AI goes wrong is it doesn't pass the common sense test."

—Anonymous marketer

CHALLENGE BOARD CONFESSIONS

Attendees anonymously shared some of their most pressing concerns and challenges with AI, including:

- "Showing ROI."
- "Defining AI to the overall business."
- "Data ingestion and proof of results."
- "Making internal teams believers."
- "Large enough data pools."