

Artificial intelligence and marketing: a new perspective for a better performance case studies: Sephora, Amazon and Spotify

الذكاء الاصطناعي والتسويق: منظور جديد لتحقيق أداء أفضل – دراسة حالات: Amazon ، Sephora و Spotify

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Abstract

The potential of artificial intelligence (AI) is now being used in areas and fields beyond computer science. Managers and marketers are implementing a variety of AI elements to help their companies achieve their goals. Big data, machine learning, and deep learning are the most commonly used elements by managers to aid in decision-making and strategy formulation. Researchers are investigating the benefits, as well as the drawbacks and limitations of AI implementation in businesses. This paper seeks to explain how AI technologies can be used in multiple functions of a single business in general, and in marketing in particular. It also seeks to discuss the benefits and drawbacks of AI technologies. The first part of this paper is dedicated to a literature review of previous studies. In the second part, we present three case studies of Sephora, Amazon, and Spotify to answer the research question. In the last part, we provide businesses that are considering using AI with a few recommendations. The findings of the study have revealed that AI is a powerful tool that can help businesses to improve their performance in a number of ways. Spotify, Amazon, and Sephora provide good examples of this.

Keywords: Artificial intelligence; Marketing; marketing performance; Business, Decision-making.

JEL Classification Codes: M30, M31, M39.

ملخص:

إمكانات الذكاء الاصطناعي يتم استخدامها الآن في مجالات أخرى غير علوم الكمبيوتر. يقوم المديرون والمسوقين بتنفيذ مجموعة متنوعة من عناصر الذكاء الاصطناعي لمساعدة شركاتهم على تحقيق أهدافها. تعتبر البيانات الضخمة والتعلم الآلي والتعلم العميق أكثر العناصر شيوعاً التي يستخدمها المديرون للمساعدة في اتخاذ القرار وصنع الاستراتيجية. يبحث الباحثون في الفوائد والعيوب والقيود التي تفرضها تطبيقات الذكاء الاصطناعي في الأعمال التجارية. يهدف هذا البحث إلى شرح كيفية استخدام تقنيات الذكاء الاصطناعي أو يمكن استخدامها في وظائف متعددة لشركة واحدة بشكل عام، وفي التسويق بشكل خاص. كما يهدف إلى مناقشة فوائد ومخاطر تقنيات الذكاء الاصطناعي. الجزء الأول من هذه الورقة مخصص لمراجعة البحوث السابقة. في الجزء الثاني، قمنا بمعالجة ثلاث دراسات حالة هي Sephora و Amazon و Spotify في محاولة للإجابة على السؤال البحثي. أما في الجزء الأخير، فقد حاولنا تقديم بعض التوصيات للشركات التي تفكر في استخدام الذكاء الاصطناعي. كشفت نتائج الدراسة أن الذكاء الاصطناعي هو أداة قوية يمكن أن تساعد الشركات على تحسين أدائها بعدة طرق وان Amazon Spotify Sephora هم أمثلة على ذلك.

كلمات مفتاحية: الذكاء الاصطناعي، التسويق، أداء التسويق، الأعمال التجارية، اتخاذ القرارات.

تصنيف JEL: M30, M31, M39

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INTRODUCTION:

. Every business strives to embrace new solutions that might help them increase performance and meet their goals. Because of its rapid evolution, technology and the internet have become an integral element of our personal and professional lives. This is the primary cause. That's the main reason technology integration into business domains (techno-centralism) is a century old phenomenon, though the defining technologies of decades differ by incorporated innovations, prevalent principles, processes and defined nomenclatures (VISHNOI, BAGGA, & AARUSHI SHARMA & SAADAT NASIR WAN, 2018). Modern managers and marketers incorporate significant technology into everyday activities, providing an added benefit.

Nowadays, AI has drawn the attention of doctors, engineers, IT professionals and finance analysts to date, the AI field is expanding beyond its traditional fields of operation, making management and marketing increasingly stronger. (K. Jarek and G. Mazurek, 2019.) That's the main reason, businesses use AI to turn large data into meaningful data and information, which contributes to effective marketing and sales strategies (Paschen & J. Kietzmann & T. Kietzman, 2019).

This article contains three sections, the definition of AI and business, as well as the study goal and methodology, are all covered in the first section. The second segment looks at how artificial intelligence (AI) has been used in business and marketing, as well as an explanation of the advantages of AI in reaching brand goals and general growth, and the drawbacks which is a literature review of other research papers. The article's final portion includes the limitations of AI implementation in the business and marketing fields.

The purpose of this paper is to explore the potential of AI for business and discuss how it can be used to achieve better performance. We will begin by providing an overview of the different types of AI technologies and their applications in business. We will then discuss the benefits and challenges of using AI in business. Finally, we will provide a few case studies of businesses that have successfully used AI to improve their performance.

We believe that AI has the potential to revolutionize the way businesses operate. By automating tasks, providing insights, and making predictions, AI can help businesses to save time, money, and improve their bottom line.

Research question:

Given the foregoing, the purpose of this research is to answer the following question: **How does the use of artificial intelligence (AI) in business impact the performance of businesses like Sephora, Amazon and Spotify?**

This research question is broad enough to allow for a comprehensive exploration of the potential benefits and challenges of using AI in business. It is also specific enough to be answerable with a combination of literature review and case study analysis.

Some of the specific sub-questions that could be addressed under this research question include:

- What are the different types of AI technologies that can be used in business?
- What are the benefits of using AI in business, such as increased efficiency, productivity, and customer satisfaction?
- What are the challenges of using AI in business, such as the need for large amounts of data and the potential for bias?

- How can businesses successfully implement AI?

The answers to these sub-questions would provide a valuable understanding of the potential of AI for business and how it can be used to improve performance

We will use a combination of literature review and case studies analysis to answer these questions. The literature review will provide us with an overview of the current state of research on AI for business. The case studies will allow us to examine how a particular businesses have used AI to improve their performance.

This paper aims are:

- To identify the different types of AI technologies that can be used in business.
- To assess the benefits of using AI in business, such as increased efficiency, productivity, and customer satisfaction.
- To evaluate the challenges of using AI in business, such as the need for large amounts of data and the potential for bias.
- To develop recommendations for how businesses can successfully implement AI.

To achieve these research objectives, we will use a combination of literature review and case study analysis. The literature review will provide us with an overview of the current state of research on AI for business. The case study will allow us to examine how a particular business has used AI to improve its performance.

This article contains three sections, the definition of AI and business, as well as the study goal and methodology, are all covered in the first section. The second segment looks at how artificial intelligence (AI) has been used in business and marketing, as well as an explanation of the advantages of AI in reaching brand goals and general growth, and the drawbacks which is a literature review of other research papers. The article's final portion includes the limitations of AI implementation in the business and marketing fields.

1- Artificial intelligence and business:

Artificial intelligence (AI) is rapidly transforming the business landscape. AI technologies are being used to automate tasks, provide insights, and make predictions in a variety of business functions, including customer service, marketing, and product development. By doing so, AI can help businesses to save time, money, and improve their bottom line.

Various professions agree that businesses are no longer viewed from an industrial standpoint, but rather from a knowledge standpoint. Knowledge is also at the heart of market orientation (Day, 2000) which has been a dominant marketing paradigm since the 1990s. Business Analytics (BA) has been defined by Davenport and Harris (2007) as “extensive use of data, statistical and quantitative analysis, explanatory and predictive models, and fact-based management” (Davenport, 2007.)

Technology in today’s modern world is rapidly improving and is making a huge impact in all sectors of the modern world (Adhikari, Thapa, & Shah, 2020). Many businesses in today's world have begun to use cutting-edge technology to accelerate their growth and profit margins. Artificial intelligence, data science, big data, and Internet have completely transformed business environments and the way people conduct business. In this paper we want to focus on the way artificial intelligence is used to create value, how can it be used for more efficient marketing strategies and to achieve a higher customer satisfaction but more

importantly loyalty.

According to the seminal work of Russell and Norvig (2016), Artificial intelligence is concerned with machines that can exhibit human-like intelligence in two ways. First, it focuses on intelligent action, which refers to the execution of the above processes, such as perception, learning, memory, reasoning and problem solving to achieve goal-oriented behavior. This conceptualization measures the performance of artificial intelligence, it is not based on human behavior, loyalty, and on the contrary, it's based on the ideal performance called rationality. The second way is "*computational agents*", in the information system; the agent perceives its environment and acts on it. Human agents perceive through their eyes, ears and other organs, and use their hands, legs or voice to act. IT agents use sensors, such as cameras or keys, to sense input, and take measurements in the environment by writing files, moving objects, or displaying output on the screen (Russell & S.J. & Norvig, 2016).

Although most managers agree that AI has transformative potential, many are unaware of the extent of the benefits or how they can use AI to improve marketing campaigns and achieve overall business goal (V. Reavie, 2018). The purpose of this research will be to examine the advantages of AI technology in various marketing areas (Demandbase, 2016).

2- AI for creating value and improve company growth:

Artificial intelligence (AI) has emerged as a transformative force, revolutionizing the way companies operate and driving growth in numerous industries. With its ability to analyze vast amounts of data, learn from patterns, and make informed decisions, AI has become a powerful tool for creating value and improving company growth. From optimizing business processes to enhancing customer experiences, AI technologies have the potential to unlock unprecedented levels of efficiency, productivity, and innovation. By harnessing the capabilities of AI, businesses can gain a competitive edge, make data-driven decisions, and unlock new opportunities for expansion and success in today's increasingly digital world. In this era of rapid technological advancements, embracing AI is not just an option; it has become a necessity for companies looking to thrive and stay ahead in the marketplace.

2-1 AI in Business:

By deploying the right AI technology, business may gain ability to: save time and money by automating and optimizing routine processes and tasks, Increase productivity and operational efficiencies and make faster business decisions based on outputs from cognitive technologies

2.1.1 Fraud detection :

Recent data found that 63% of financial institutions believe that AI can prevent fraud, while 80% agree that AI plays a critical role in reducing fraudulent payments and attempts to commit fraud. That's why today there are multiple AI technologies that are adapted to help prevent multiple forms of fraud: AI Fraud detection for transactions, AI fraud detection for anti-money laundering etc. (ZHOU, 2020).

2.1.2 Algorithmic trading

Artificial Intelligence has completely transformed this area of business by automating the trading process and many trading algorithms can create profit without any human intervention. Algorithmic trading using artificial intelligence has had a huge impact on

business and growth (Ghimire, Thapa1, Jha, & Surabhi Adhikari and Ankit Kumar). Roondiwal proposes a learning algorithm that can be used to predict stock prices. The dataset that they use is of New York stock exchange and the dataset consists of the data, the open price, the close price, the volume (Roondiwala, Patel, & S. Varma, 2017.).

2.1.3 Process automation

It's the automation of digital and physical tasks, typically back-office administrative and financial activities, using robotic process automation technologies. RPA is more advanced than earlier business-process automation tools, because the "robots" (that is, code on a server) act like a human inputting and consuming information from multiple IT systems (Thomas H. Davenport and Rajeev Ronanki, 2018).

2.1.4 Cyber Security

In an increasingly digitalized world, cybercrime is a pressing problem. Businesses are perpetually seeking the best technologies that can help detect and prevent it; Artificial intelligence and machine learning have been successfully used to fight against cybercrimes. Application of machine learning in cybercrimes is generally categorized into three categories, intrusion detection, malware analysis and phishing detection (Apruzzese, Colajanni, Ferretti, & A. Guido, 2018).

Overall, AI is a powerful tool that can help businesses to create value and improve company growth in a number of ways. By automating tasks, improving accuracy, and creating personalized experiences, AI can help businesses to reach their target audience more effectively and achieve their marketing goals.

3- AI in Marketing

Artificial intelligence (AI) is being used in marketing to personalize recommendations, predict customer behavior, create chatbots, and generate content. It is also being used to identify new opportunities, improve customer service, and monitor brand reputation. AI can help businesses to improve their marketing campaigns by automating tasks, improving accuracy, and creating personalized experiences.

AI can be used to recommend products or services to customers based on their past behavior. This can help to increase sales and improve customer satisfaction. AI can also be used to predict customer behavior, which can help to target marketing campaigns more effectively. AI can also be used to create chatbots that can interact with customers in a natural way, which can free up human customer service representatives to focus on more complex tasks. Finally, AI can be used to monitor social media and identify negative sentiment about a brand, which can be used to address the concerns of customers and improve the brand's reputation.

Google's machine learning ads optimization, Amazon's prime air that uses drones to automate shipping and delivery, Macy's On Call that uses natural language processing to provide customers with personal in-store assistants to Replica, a Chabot based on machine learning, provides emotional comfort to consumers by mimicking the way they communicate are some of many other examples of AI technologies used to improve marketing performance. AI is not only used to improve customer service, it's also used for efficient marketing strategies and for a better understanding of customer behavior.

3.1 AI for marketing process

The heart of any marketing strategy is to understand and predict consumer needs, behavior and consuming trends. Nowadays artificial intelligence (big data and machine learning (deep learning) is the key technology that's giving marketers powerful solutions to help in decision making process, the concept of "big data" means that marketers have ability to aggregate and segment huge amounts of data with minimal manual work. By using this data, they will be sure that they would deliver the right message to the right people at the right time (Dimitrieska, Stankovska, & Efremova, 2018).

Machine learning is used to predict or provide calculated suggestions that are based on analyzing large amounts of data (Lindsay, 2017), it enables marketers to understand and draw logical conclusions from a large amount of data collection. They can predict consumer trends, track and analyze consumer buying behavior, and predict upcoming purchases. Formulating powerful solutions means that we live in an age where machines really understand the world like humans.

According to Ming-Hui Huang & Roland T. Rust, AI could be implemented in the whole marketing process, starting from the market research to marketing strategy and finally marketing actions. And that's by utilizing three different AI technology benefits (mechanical AI, thinking AI and feeling AI) in each and every phase of the marketing process according to their framework:

Mechanical AI is designed for automating repetitive and routine tasks; thinking AI is designed for processing data to arrive at new conclusions or decisions and feeling AI is designed for two-way interactions involving humans, and/or for analyzing human feelings and emotions (Huang & Rust, 2021).

3.2 AI for a better customer experience

AI offers strong opportunities for marketers in advertisement and customer experience (Huang R. T.-H., 2014). Unlike existing data analysis software, AI can continuously learn, improve, and predict customer behavior from the data it analyzes. This allows brands to deliver relevant content, increase sales opportunities, and improve customer experience. According to (Clark, 2020), AI can help improve customer experience in 4 different ways:

AI Facilitates a Better Understanding of the Customer, The combination of AI and machine learning for gathering and analyzing social, historical and behavioral data enables brands to gain a much more accurate understanding of its customers.

Real-Time Decisioning and Predictive Behavior Analysis, Real-time decisioning can be used for more effective marketing to customers, for example, it can identify customers that are using ad blockers, and provide them with alternative UI components that can continue to engage them.

AI Chatbots Come of Age, "...a chatbot can create a proactive personalized offer for a customer, and depending on the channel, can also share rich imagery and product photos or a link along with it. Chatbots can be used to predict when a customer may need a new service, and proactively offer it up to them" *Vikram Khandpur, CPO at Sinch.*

AI for Hyper-Personalization, Hyper-personalization combines AI and real-time data to deliver content that is specifically relevant to a customer.

4 Limitations and disadvantages of AI:

Although artificial intelligence has demonstrated its efficiency in solving many problems in the world of business and marketing, it's not devoid of limitations or disadvantages that we might not be aware of, in this section we are going to examine these central boundaries in more details.

4.1 High cost of implementation

Cost is a key consideration when it comes to implementing smart technologies that can be expensive due to their complex nature. Setting up AI-based machines, computers, etc. entails huge costs given the complexity of engineering that goes into building one (Arindam Das, s.d.), or in the case of businesses that lack in-house skills or are unfamiliar with AI often have to outsource, which is where challenges of cost and maintenance come in. Due to their complex nature, smart technologies can be expensive and you can incur further costs for repair and ongoing maintenance. The computational cost for training data models etc. can also be an additional expense (“Artificial intelligence in business Risks and limitations of artificial intelligence in business”, s.d.)

4.2 Risks related to data and algorithms

1. Data labeling; much of the success of AI applications use supervised learning, which requires the labeling input data, which is a time consuming and laborious effort. Big tech companies like Microsoft, Google, Amazon, and IBM offer AI platforms which simplify the AI application building (Garbuio, 2018).
2. Data availability; one of the victory components of the most recent AI improvement is the accessibility of information. Whereas it may not be conceivable for numerous companies to get information for data-hungry procedures like deep learning, there's no require for each scale of the company to get gigantic information for all the steps of AI execution.
3. Bias in data and algorithms; Data and algorithm bias: AI systems are able to predict biased decisions. These decisions can cause undesirable circumstances like unfair recruiting decisions, misled scientific or medical prognoses, distorted loan and legal decisions (Chui, 2018).

4.3 Ethical concerns

There are ethical concerns related to the implementation of AI in business that include: The possibility that AI causes more job losses, the issue of fair distribution of the wealth created by machines, the possibility of machines effecting human behavior, the issue of controlling complex intelligent systems and robot rights (Julia Bossmann, 2016).

Businesses that use AI to improve marketing performance

4.4 How Sephora Uses AI to Personalize Product Recommendations: A study by Sephora found that customers who use the AI-powered product recommendation engine are more likely to make purchases. The study also found that customers who use the recommendation engine are more likely to be satisfied with their shopping experience. (Azfar, s.d.).

Sephora is a leading global retailer of beauty products. The company has over 2,700 stores in 34 countries and generates over \$10 billion in annual revenue. Sephora is known for its innovative use of technology to improve the customer experience. (PEREIRA, 2023)

In recent years, Sephora has been using AI to improve its marketing performance. The company has developed AI-powered tools to help it target customers more effectively, personalize product recommendations, and measure the effectiveness of its marketing campaigns.

One of the ways Sephora is using AI to improve marketing performance is by targeting customers more effectively. The company uses AI to collect data on customer behavior, such as what products they have purchased, what products they have viewed, and what products

they have searched for. This data is then used to create customer profiles that help Sephora identify which products are most likely to be of interest to each customer.

Sephora is also using AI to personalize product recommendations. The company uses AI to analyze customer profiles and product data to create personalized product recommendations for each customer. These recommendations are then displayed on the Sephora website and in the Sephora app (loon, 2022).

Finally, Sephora is using AI to measure the effectiveness of its marketing campaigns. The company uses AI to track the click-through rates, conversion rates, and sales generated by its marketing campaigns. This data is then used to optimize the campaigns and ensure that they are as effective as possible.

Fig01 : sephora staying ahead of the Amazon threat



Source : <https://d3.harvard.edu/platform-digit/submission/sephora-staying-ahead-of-the-amazon-threat/>

“At Sephora, our goal with digital tools and innovation is always to meet the client where she already spends her time, which is why the Messenger platform capabilities appealed to us. We were excited about combining ease and utility for Sephora reservations — enabling our clients to book a makeover with us in seconds, just by messaging Sephora.” Mary Beth Laughton, EVP Omni Retail, Sephora

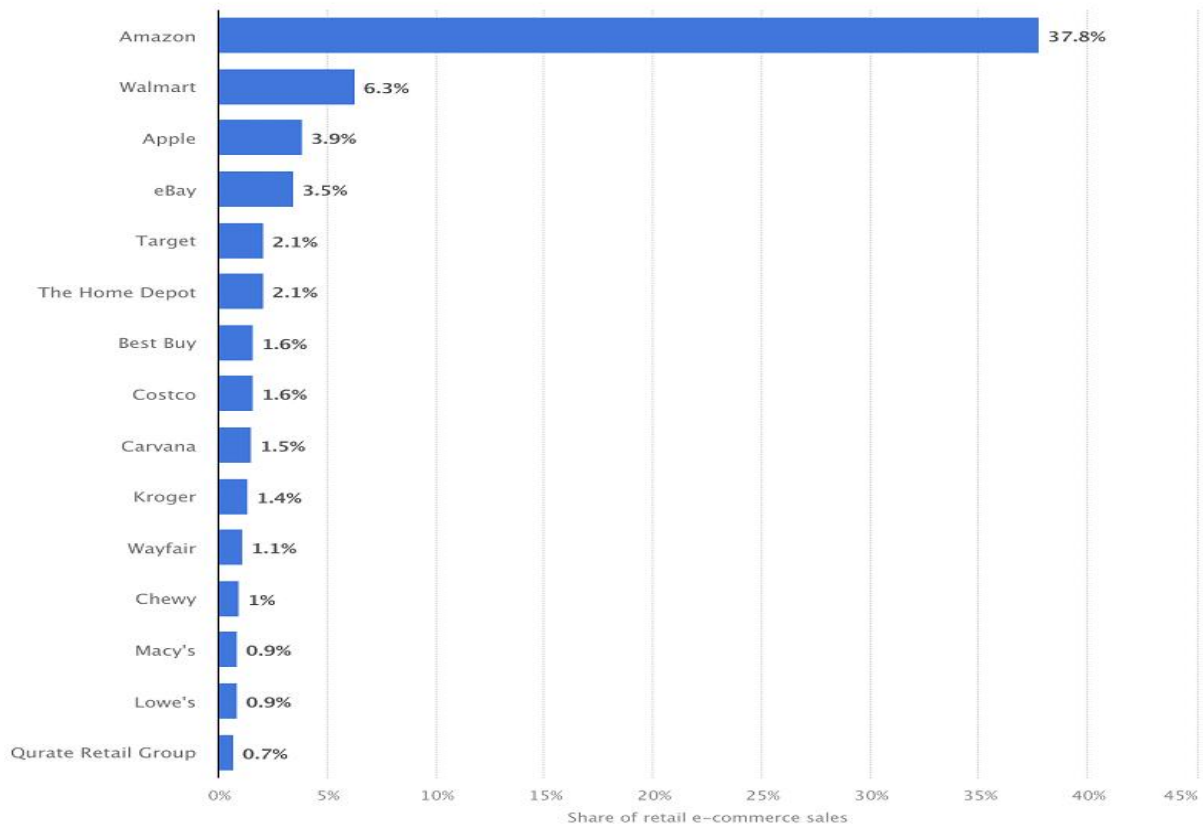
As a result of its use of AI, Sephora has seen a significant improvement in its marketing performance. The company has seen an increase in click-through rates, conversion rates, and sales. Sephora has also seen an improvement in customer satisfaction, as customers are more likely to find the products they are looking for and to receive personalized recommendations.

4.5 How Amazon Uses AI to Target Ads:

Amazon is a leading online retailer that uses AI to target ads to its customers. The company's AI engine takes into account a wide range of factors, including the customer's past purchases, browsing history, and search history. This allows Amazon to show ads that are likely to be relevant to each individual customer.

A study by Amazon found that customers who are targeted with ads that are relevant to their interests are more likely to click on those ads. The study also found that customers who click on relevant ads are more likely to make purchases (Tuohy, 2022).

Fig02: Amazon dominating the e-commerce market



Source: Statista

ALEXA ADS

published a report titled "Your Echos are Heard: Tracking, Profiling, and Ad Targeting in the Amazon Smart Speaker Ecosystem." The report claims that Amazon and as many as 41 partners in the advertising and tracking services collect Alexa interaction data recorded by Echo smart speakers. This data is analyzed to determine what users are interested in and to target ads on the Echo and on the web.

The researchers found that the demand for this data is incredibly high, with advertisers bidding 30 times more for it than for standard ads. They built an auditing framework to measure online ad data collection, and then created fake personas with specific interests to interact with third-party Alexa skills. The personas began seeing relevant ads on the web and in audio ads, which the researchers believe implies that Alexa is targeting ads and that data is shared with multiple other parties in transcript form, not as raw audio.

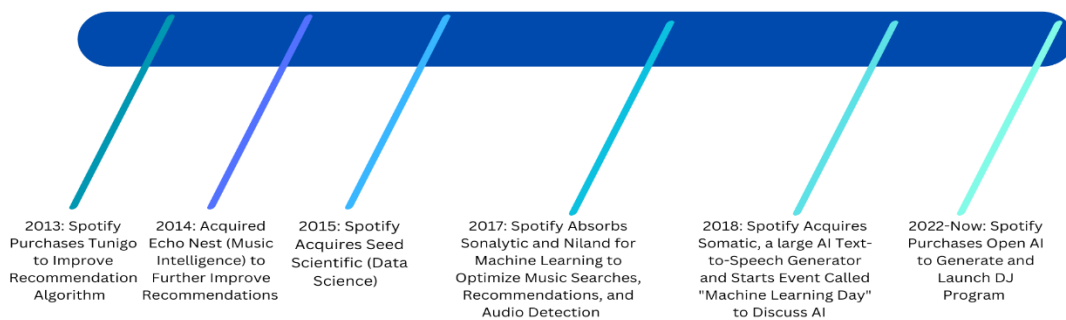
The researchers concluded that Amazon's Echo smart speakers are "instruments of mass surveillance" and that users should be aware of the privacy implications of using these devices (SCHWARTZ, 2022).

4.6 How Spotify Uses AI to Personalize Music Recommendations:

Spotify is a leading music streaming service that uses AI to personalize music recommendations for its users. The company's AI engine takes into account a wide range of factors, including the user's past listening history, ratings, and social media activity. This allows Spotify to recommend songs that are likely to be of interest to each individual user.

Fig03: Timeline Showcasing Spotify's AI Acquisitions and Logistics Improvements. Source: Kaput, M. (2022, September 19). How Spotify uses artificial intelligence-and what you can learn from it. Marketing AI Institute. Visualization via author

Spotify's Acquisitions and Adoptions of AI Technology



Source: <https://amt-lab.org/blog/2023/4/how-spotify-uses-ai>

A study by Spotify found that users who use the AI-powered music recommendation engine are more likely to listen to more music on Spotify. The study also found that users who use the recommendation engine are more likely to be satisfied with their Spotify experience (Spotify Debuts a New AI DJ, Right in Your Pocket, 2023).

First, Spotify's AI models recommend audio content to users. Spotify's AI powers music and podcast recommendations designed to create long-term user satisfaction. To do that, Spotify leverages user data, from playlist creation to listening history to how you interact with the platform, to predict what you might want to listen to next. These recommendations are served up through Spotify's Home screen, which is divided into rows of cards containing both recently listened to audio content and new, recommended content based on your behavior.

Specifically, Spotify leans heavily on reinforcement learning, a type of machine learning model that uses environmental signals to optimize toward a long-term reward. The long-term reward Spotify dangles in front of its machine learning model is long-term user satisfaction.

So, at every turn, Spotify's recommendations are designed to increase your overall happiness with the product, which keeps you coming back to listen more and more often (S, 2018).

Spotify's AI-powered recommendations are the company's competitive advantage: Spotify

doesn't have a monopoly on music streaming; you can easily listen to your favorite songs in many places. What it does have is a superior way to surface the right audio at the right time for you.

This ability to hyper-personalize at scale is impossible without AI—meaning, in a very real sense, Spotify as a business would not be possible if AI didn't exist. Spotify is the very definition of an “AI Native” business—a business that unlocks unprecedented value in a market by reinventing a product or service from the ground up using AI. In this way, every single user sees a hyper-personalized, highly customized version of the product. According to the company, half a trillion events are processed daily to inform machine learning models. And the more data these models gather, the better they are at making higher-quality recommendations (Kaput, 2022).

5 Findings

The case studies of Sephora, Amazon, and Spotify provide evidence of how AI can be used to improve marketing performance in these areas. Sephora uses AI to recommend products to customers based on their past purchases and browsing history. This has helped the company to increase customer engagement and improve conversion rates. Amazon uses AI to power its product recommendations and search engine. This has helped the company to improve the customer experience and increase sales. And Spotify uses AI to create personalized playlists for its users. This has helped the company to keep users engaged and listening to more music. It is important to note that AI is not a silver bullet. It is a tool that can be used effectively when it is implemented correctly. Businesses that are considering using AI for marketing should carefully consider their goals and objectives, as well as the capabilities of the AI platform they choose.

According to the case studies AI helped the three businesses in the following:

- **Personalization:** AI can be used to personalize customer experiences by understanding their individual needs and preferences. This can be done by collecting data on their past purchases, browsing history, and social media activity. AI can then use this data to recommend products, services, and content that are likely to be of interest to each customer.
- **Targeting:** AI can be used to improve targeting by identifying the most likely customers to convert. This can be done by analyzing data on customer demographics, psychographics, and purchase behavior. AI can then use this data to target marketing campaigns to the right people at the right time.
- **Optimization:** AI can be used to optimize marketing campaigns by identifying the most effective channels and messages. This can be done by tracking the performance of campaigns and making adjustments based on the data. AI can also be used to predict the results of future campaigns, so that businesses can make better investment decisions.

1. **Sephora:** Sephora is a beauty retailer that uses AI in a variety of ways to improve its marketing performance. For example, Sephora uses AI to:

- **Personalize product recommendations:** Sephora uses AI to recommend products to customers based on their past purchases, browsing history, and social media activity. This helps Sephora to increase customer engagement and improve conversion rates.
- **Target marketing campaigns:** Sephora uses AI to identify the most likely customers to convert. This helps Sephora to target its marketing campaigns more effectively and improve its ROI.
- **Optimize marketing campaigns:** Sephora uses AI to track the performance of its marketing campaigns and make adjustments based on the data. This helps Sephora to improve the effectiveness of its campaigns over time.
- **Create personalized content:** Sephora uses AI to create personalized content, such as blog posts, social media posts, and marketing emails. This helps Sephora to connect with its customers on a more personal level and improve its brand reputation.
- **Automate customer service:** Sephora uses AI to automate customer service tasks, such as answering FAQs and resolving issues. This frees up human agents to focus on more complex tasks and improves the overall customer experience.

Sephora's use of AI has helped the company to improve its marketing performance in a number of ways. The company has seen increases in customer engagement, conversion rates, and ROI. Sephora is also able to provide a more personalized and convenient shopping experience for its customers.

2. **Amazon:** Amazon's use of AI has helped the company to improve its marketing performance in a number of ways. The company has seen increases in customer engagement, conversion rates, and ROI. Amazon is also able to provide a more personalized and convenient shopping experience for its customers.

Specific examples of how Amazon uses AI in marketing:

- **Amazon Personalize:** This is a machine learning service that helps Amazon recommend products to customers based on their past purchases, browsing history, and social media activity.
- **Amazon Attribution:** This is a service that helps businesses track the effectiveness of their marketing campaigns across different channels.
- **Amazon Rekognition:** This is a service that uses machine learning to identify objects, faces, and text in images and videos. Amazon uses this service to personalize product recommendations, improve search results, and detect fraud.

Amazon is constantly innovating in the area of AI marketing. The company is always looking for new ways to use AI to improve the customer experience and drive sales.

3. **Spotify:** Spotify is a music streaming service that uses AI in a variety of ways to improve its marketing performance. For example, Spotify uses AI to:
 - **Personalize music recommendations:** Spotify uses AI to recommend music to users based on their listening history, preferences, and location. This helps Spotify to keep

users engaged and listening to more music.

- **Target marketing campaigns:** Spotify uses AI to identify the most likely users to convert. This helps Spotify to target its marketing campaigns more effectively and improve its ROI.
- **Optimize marketing campaigns:** Spotify uses AI to track the performance of its marketing campaigns and make adjustments based on the data. This helps Spotify to improve the effectiveness of its campaigns over time.
- **Create personalized content:** Spotify uses AI to create personalized content, such as playlists and marketing emails. This helps Spotify to connect with its users on a more personal level and improve its brand reputation.
- **Automate customer service:** Spotify uses AI to automate customer service tasks, such as answering FAQs and resolving issues. This frees up human agents to focus on more complex tasks and improves the overall customer experience.

Spotify's use of AI has helped the company to improve its marketing performance in a number of ways. The company has seen increases in user engagement, conversion rates, and ROI. Spotify is also able to provide a more personalized and convenient listening experience for its users.

Specific examples of how Spotify uses AI in marketing:

- **Discover Weekly:** This is a feature that generates a personalized playlist of new music for each user based on their listening history.
- **Release Radar:** This is a feature that generates a personalized playlist of new releases from artists that the user follows.
- **AI DJ:** This is a feature that uses AI to create personalized mixes of music for the user.
- **Spotify Canvas:** This is a feature that uses AI to create animated visuals for songs.
- **Spotify Ad Studio:** This is a tool that helps businesses create and target personalized ads on Spotify.

Spotify is constantly innovating in the area of AI marketing. The company is always looking for new ways to use AI to improve the customer experience and drive engagement.

6 recommendations

Artificial intelligence (AI) is rapidly transforming the world, and its impact on business is no exception. AI-powered technologies are being used to automate tasks, provide insights, and make predictions in a variety of business functions, including customer service, marketing, and product development.

The study cases of Spotify and Sephora provide good examples of how AI can be used to improve business performance. Spotify uses AI to recommend audio content to users, while Sephora uses AI to personalize product recommendations. Both companies have seen a significant improvement in their marketing performance as a result of using AI.

The potential benefits of AI for business are vast, but there are also some challenges that businesses need to be aware of. For example, AI models require large amounts of data to train, and there is a risk of bias in AI algorithms. However, the future of AI for business is bright, and as AI technology continues to develop, we can expect to see even more

innovative and effective ways to use AI to improve business performance.

Here are some recommendations for businesses that are considering using AI:

- Start by identifying the specific business problems that you want to solve with AI.
- Do your research and select the right AI-powered technologies for your needs.
- Make sure that you have the right data to train your AI models.
- Be aware of the potential biases in AI algorithms and take steps to mitigate them.
- Monitor the performance of your AI models and make adjustments as needed.
- AI is a powerful tool that can be used to improve business performance. However, it is important to use AI responsibly and ethically. By following these recommendations, businesses can maximize the benefits of AI and minimize the risks.

Conclusion:

Technology's constant advancement is transforming it into a tool that businesses are constantly looking to incorporate to help them achieve their business goals. Artificial intelligence especially machine learning is shaping different components of marketing and the other functions of companies, by making them more productive. However, AI is not a magical tool; it has limitations and drawbacks that any company considering implementing it should be aware of.

AI is a powerful tool that can help businesses to improve their performance in a number of ways. By automating tasks, improving accuracy, and creating personalized experiences, AI can help businesses to reach their target audience more effectively and achieve their goals.

Although its efficiency AI is not capable of replacing humans at least in the near future, it is not possible to build human intelligence in a machine; humans can do things machines are not capable of: they don't improve with experience, lack of creativity and it has not evolved to a point of developing machines which can interact, engage, think, adapt, and respond exactly in a way as a human can, it is not possible for such intelligent machines to completely replace the human resource.

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