

The State of AI in Marketing and CX

Results from a CMO Survey

May 2023



Confidential: Cannot be shared without permission from MMA Global

Foreword

We stand at the precipice of a new era, where the intersection of marketing and Artificial Intelligence (AI) is quickly becoming a catalyst for growth and innovation. Recognizing this seismic shift, MMA Global embarked on a pioneering study to chart the landscape of AI application in marketing and CX.

In this inaugural MMA Global report, our findings affirm that we are, indeed, at an inflection point in the AI-driven marketing landscape. Notably, our data reveals that extended experimentation and focused scaling is taking place, especially in the realms of marketing optimization and personalization, with 3 out of 4 companies zeroing in on these areas.

However, the transition to AI is not without its hurdles. Only one out of five organizations has built a solid business case for AI application, a critical step for organizations to secure leadership support and unlock further investments in the space. Furthermore, the study clearly points to organizational and pre-existing data challenges that could potentially obstruct AI adoption. We've discovered that organizational silos and fragmented ownership pose substantial hurdles to creating a unified vision and clear roadmap for AI deployment. Pre-existing issues with data quality and system integration are also key challenges that can hinder successful AI deployment.

Perhaps most strikingly, our research indicates a concerning lack of awareness and preparedness regarding AI-related risks. Nearly half of the marketers surveyed do not fully understand the AI risk agenda, and a scant 1 out of 8 have a strategy in place to address these risks in the future.

As we move forward, we believe that understanding and harnessing the power of AI, as well as addressing the complex challenges that lie ahead, will be pivotal in navigating the dynamic digital landscape. Our findings underscore the urgency for organizations to not only embrace AI and its immense potential for marketing optimization and personalization but also to address the complex challenges that lie ahead.

This report provides a comprehensive strategic framework to navigate this promising, yet complex world of AI in marketing. We invite you to delve deeper into the report for a nuanced understanding of the three key areas:

1. **Growth Agenda:** We delve into how marketers are leveraging AI to propel their businesses forward, highlighting current use cases and applications.
2. **Risk Agenda:** With great power comes great responsibility. Our study explores how organizations are preparing for AI-related risks, especially in terms of AI precision and ethical considerations.
3. **Organization and Capabilities Agenda:** As AI reshapes the marketing landscape, we examine how marketers are rethinking their organizational structures and processes to effectively harness the potential of AI.

We hope that our study serves as a valuable tool for those eager to explore the transformative intersection of AI marketing.



‘Hype’ and ‘profound change’ are not mutually exclusive concepts... and AI is currently off the charts on both.

— **Fei-Fei Li**

Computer scientist and AI researcher,
Stanford Institute for Human-Centered
Artificial Intelligence (HAI)
Source: ChatGPT

MMA's Benchmarking Study on the State of AI

Goal: Establish a benchmark and track industry maturity annually.

Scope:

1. A new framework for AI application in marketing and CX
2. This report focuses on senior decision makers in marketing (CMO, S/VP, Sr Director)*
3. Phase 2 will expand the aperture of AI application outside marketing with input from CDOs



Key Insights about the state of AI in 2023:

1

We Are at an Inflection Point

2

Building the Business Case Unlocks Leadership Support

3

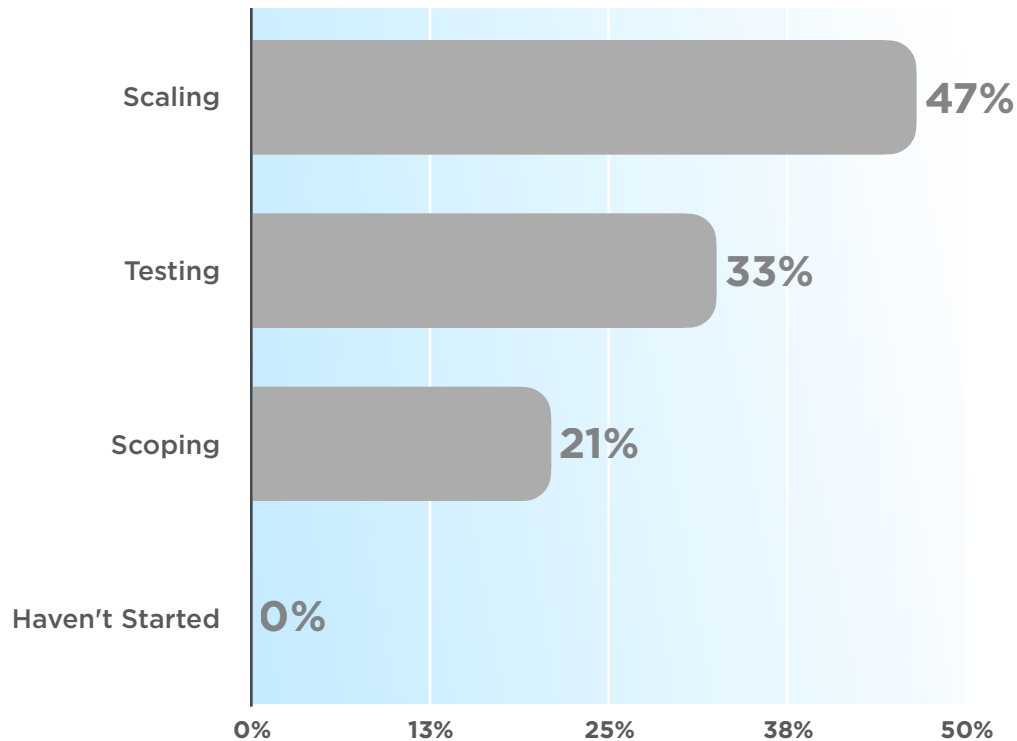
Organizational and Data Challenges Will Hinder Adoption

4

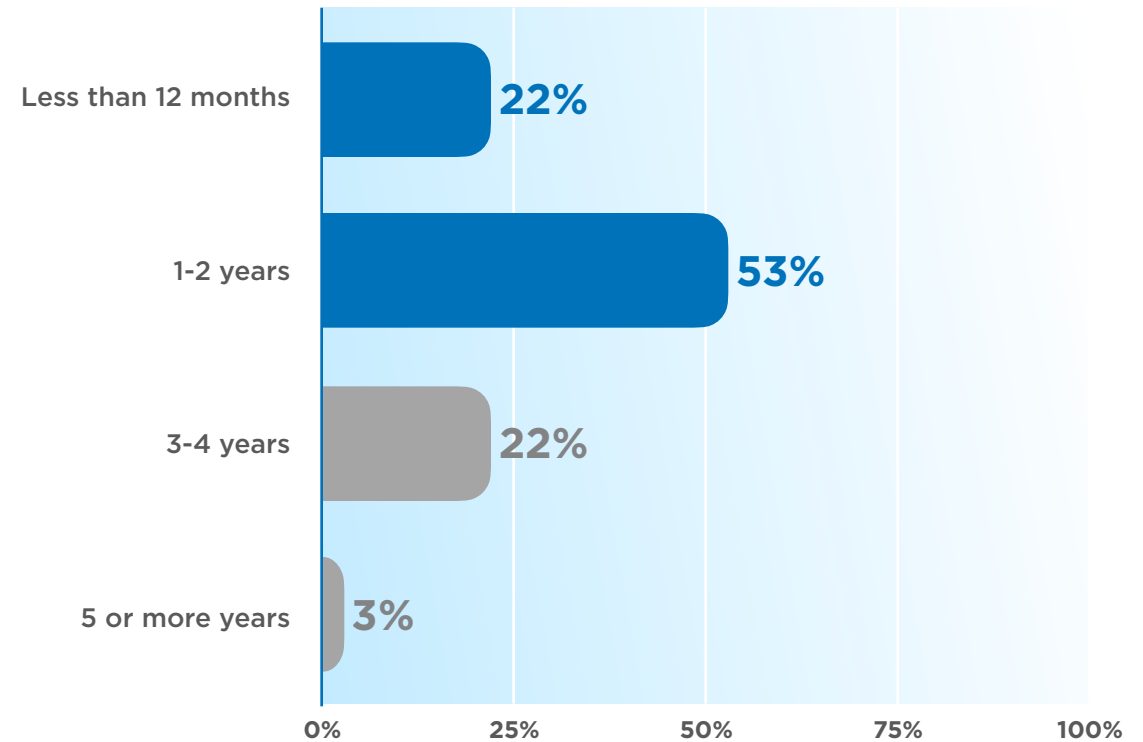
Time to Think About AI-Related Risks Is Now

AI in marketing and CX is now on everyone's agenda

Time invested in AI to reach this stage



Stage of adoption of Artificial Intelligence in marketing and customer experience



|| Activation & personalization is the #1 use case for marketing

STRATEGY & PLANNING

PRODUCTION

ACTIVATION &
PERSONALIZATION

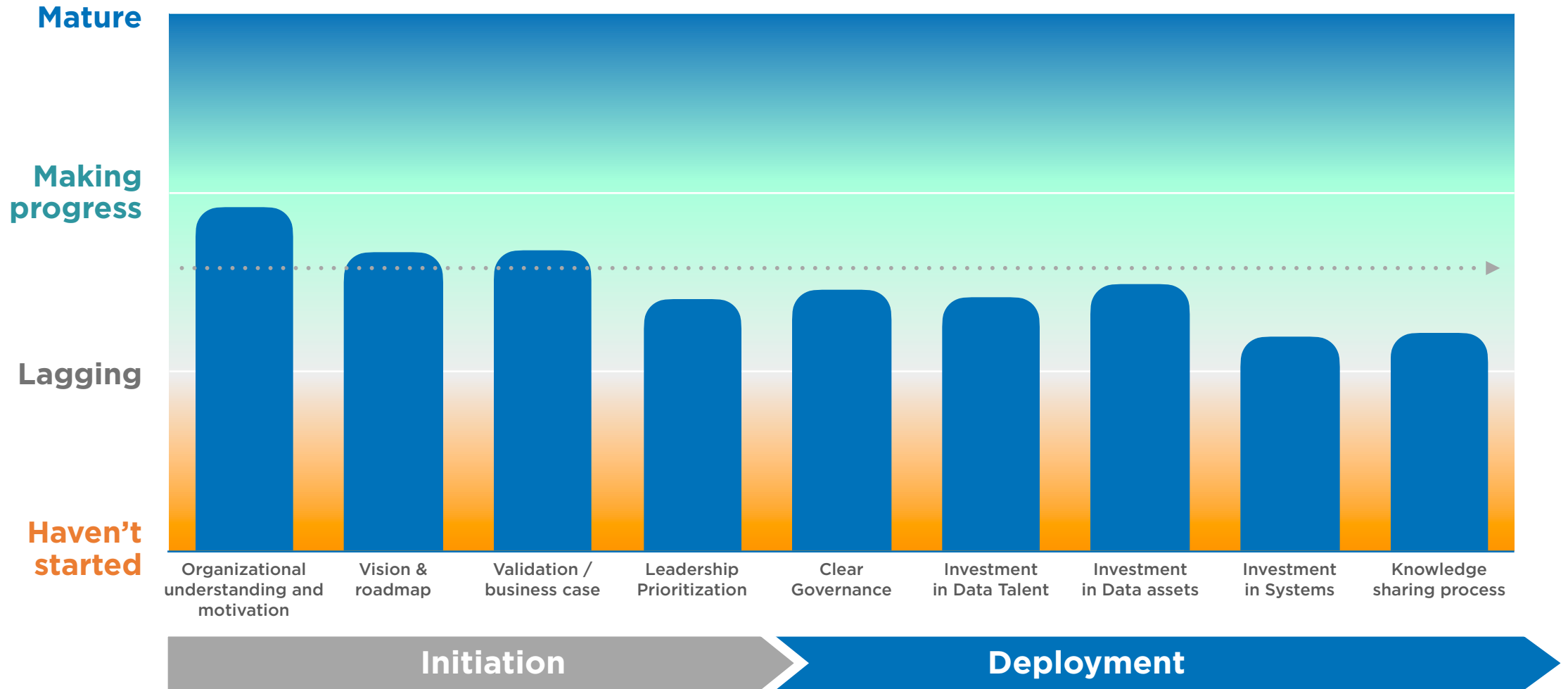
MEASUREMENT

CUSTOMER
SERVICE SUPPORT

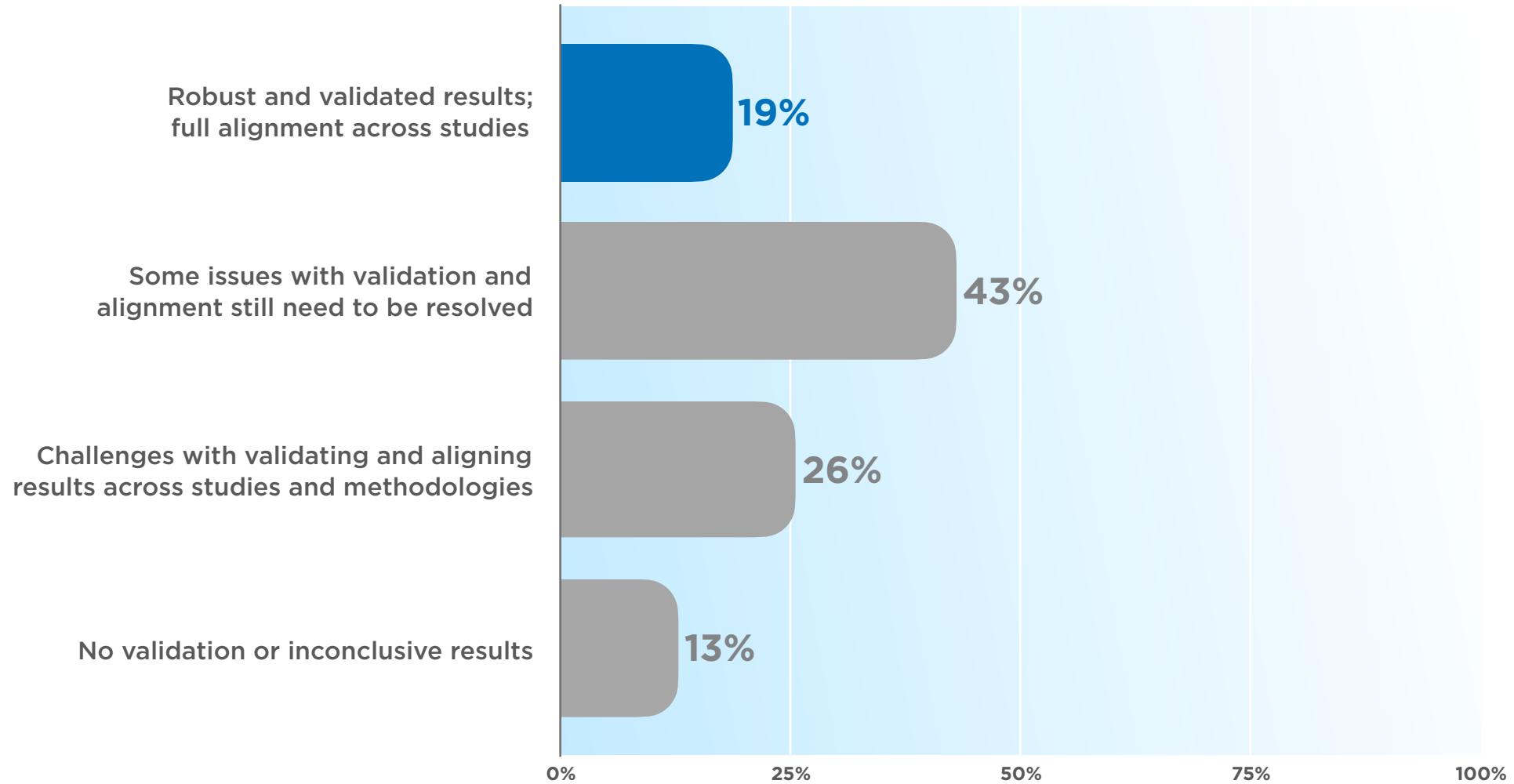
Haven't started Scoping Testing Scaling Abandoned



Despite the excitement, the industry is still in the very early phases of AI deployment



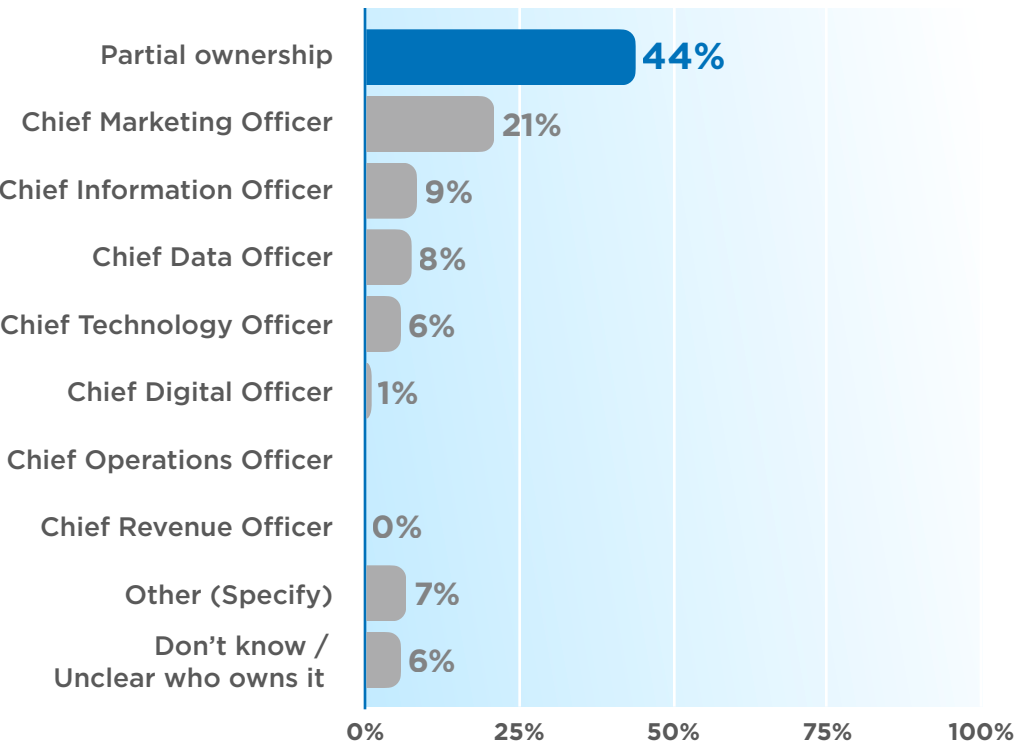
Very few companies have built a robust business case for AI



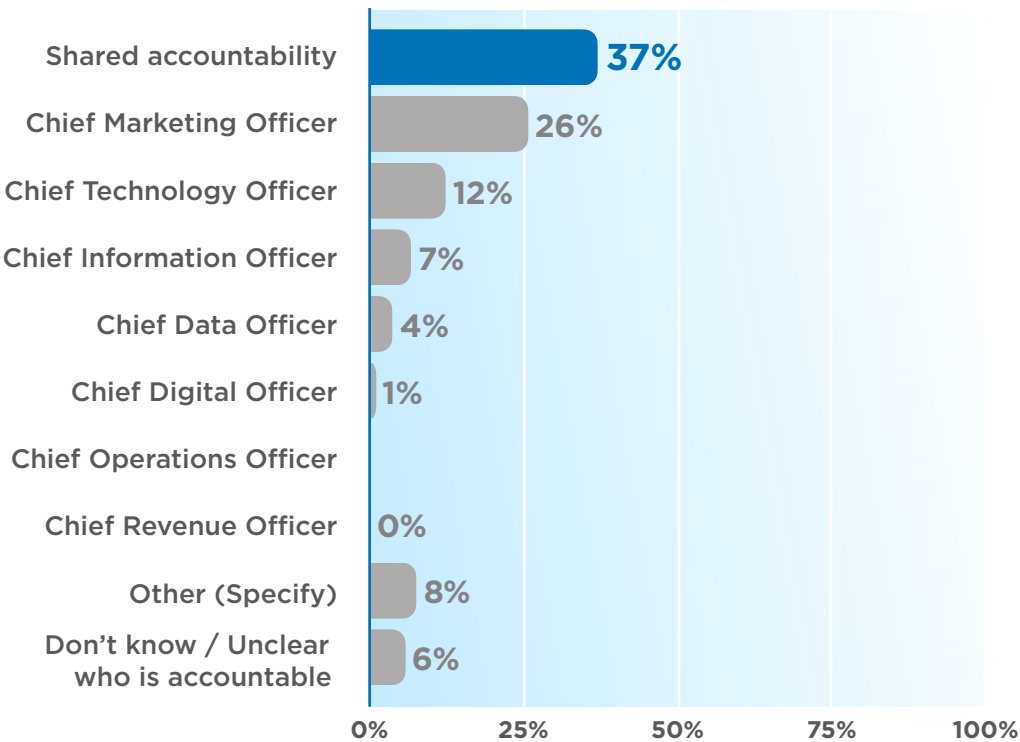
Partial ownership and accountability may hinder the creation of AI vision and clear roadmap.

Ownership of AI Initiatives

Ownership of Strategy and roadmap



Accountability for execution



Pre-existing issues with data are coming to surface when it comes to AI deployment.

12%

Data quality:

Our organization has developed best class processes to ensure that all data used for AI applications and marketing decision making is of the highest quality

11%

Data breadth and depth:

The consumer data available for AI is complete and deep, ensuring best in class application

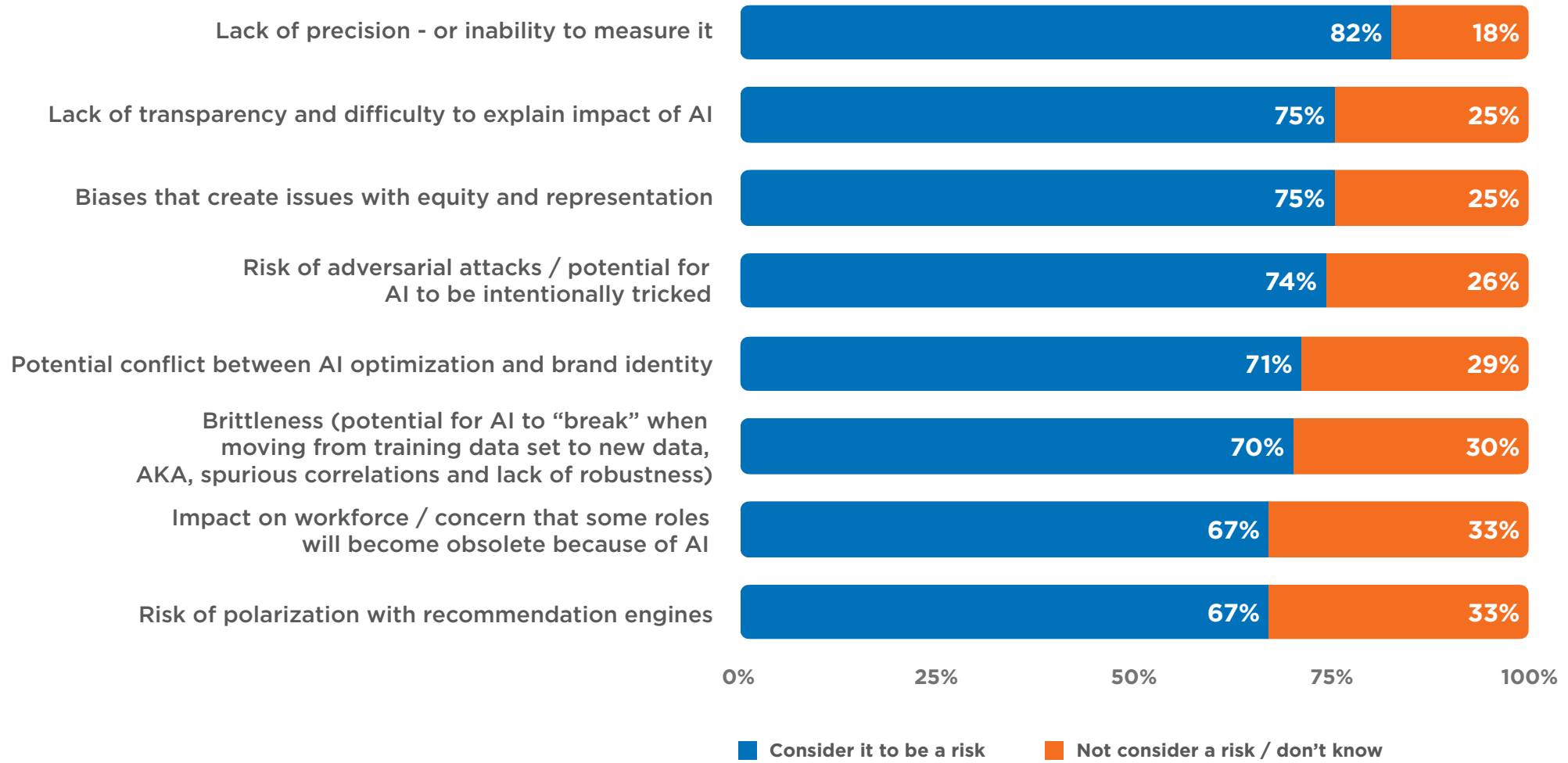
6%

System integration:

Data systems are completely centralized on a single platform, the organization is fully operating in a cloud environment, and all data is easily accessible and user friendly across all employees in the organization



AI introduces organizations to a new set of challenges.





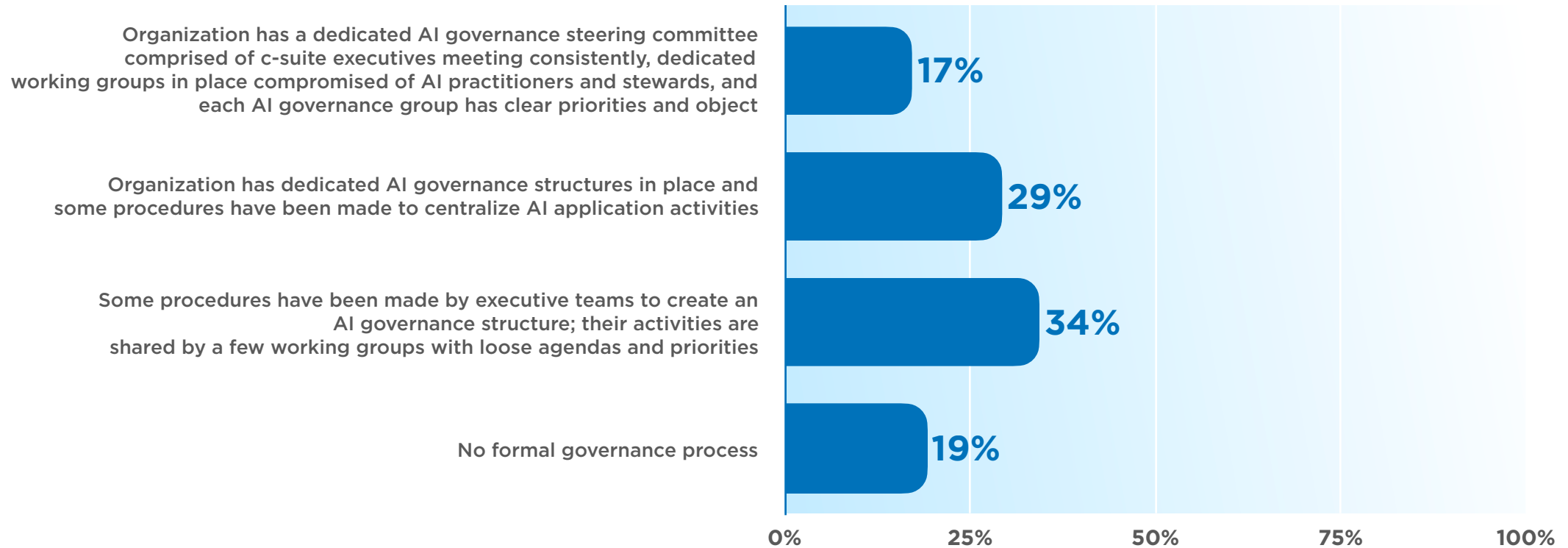
Most organizations are in very early stages of dealing with such risks.

Challenges and Risks of AI

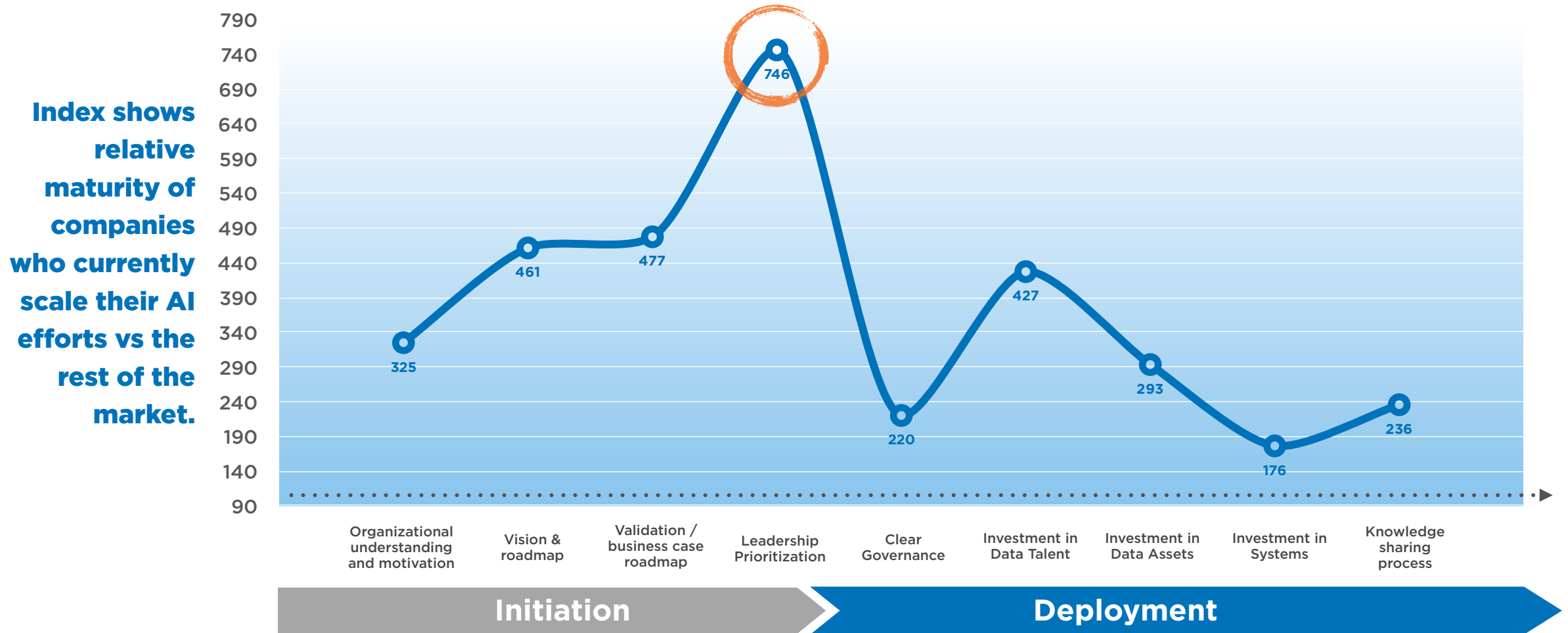


46% of companies are leaning in, with a focus on dedicated AI governance at the organization level

AI Governance



Companies who lead in AI adoption and scaling, have managed to secure support from their leadership



Recap of Key Insights about the state of AI in 2023

We Are at an Inflection Point:

- A lot of experimentation and focused scaling is taking place, especially in optimization and personalization (3 out of 4 companies focuses there)

Organizational and Data Challenges Will Hinder Adoption:

- Organizational silos and fragmented ownership are the key problems hindering the creation of a unified vision and clear roadmap
- Pre-existing issues with data quality and system integration are the key challenges hindering successful deployment.

Building the Business Case Unlocks Leadership Support:

- Initial results are encouraging, but only 1 out of 5 has built a solid business case
- Companies who lead are significantly more likely to have support from their senior leadership

Time to Think About AI-Related Risks is Now

- About 1 out of 2 marketers don't understand the AI risk agenda
- Very few (1 out of 8) have a strategy to address in the future

Detailed Findings

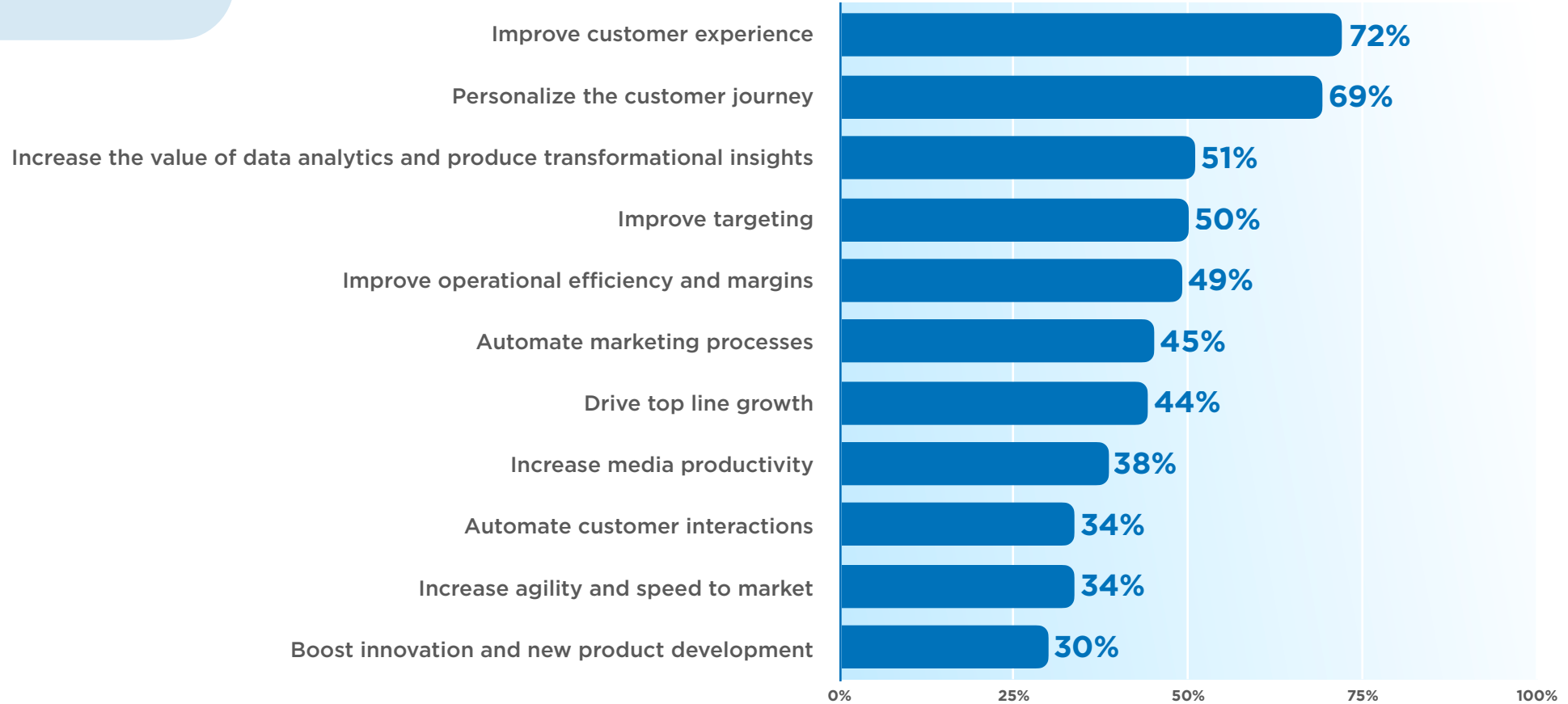
MMA's Framework for AI Maturity

Growth Agenda and Use Cases



Customer experience and journey have the clearest measurable goals when it comes to AI application

Goals for AI



Marketing Use Cases Explored

STRATEGY & PLANNING:

Process of media allocation, insights about creative development and audience selection, pricing, etc.

PRODUCTION:

Copy creation, content curation, versioning/translation, pre-testing, etc.

ACTIVATION & PERSONALIZATION:

Match context or other audience data to customize creative/offer in real time, landing pages, predict next action, optimize based on creative and adjust spend/reallocate.

MEASUREMENT:

Measure ROAS by channel, reconcile results from different sources, tools and metrics, create performance reports that show a unified, incremental, short + long term impact on financial performance.

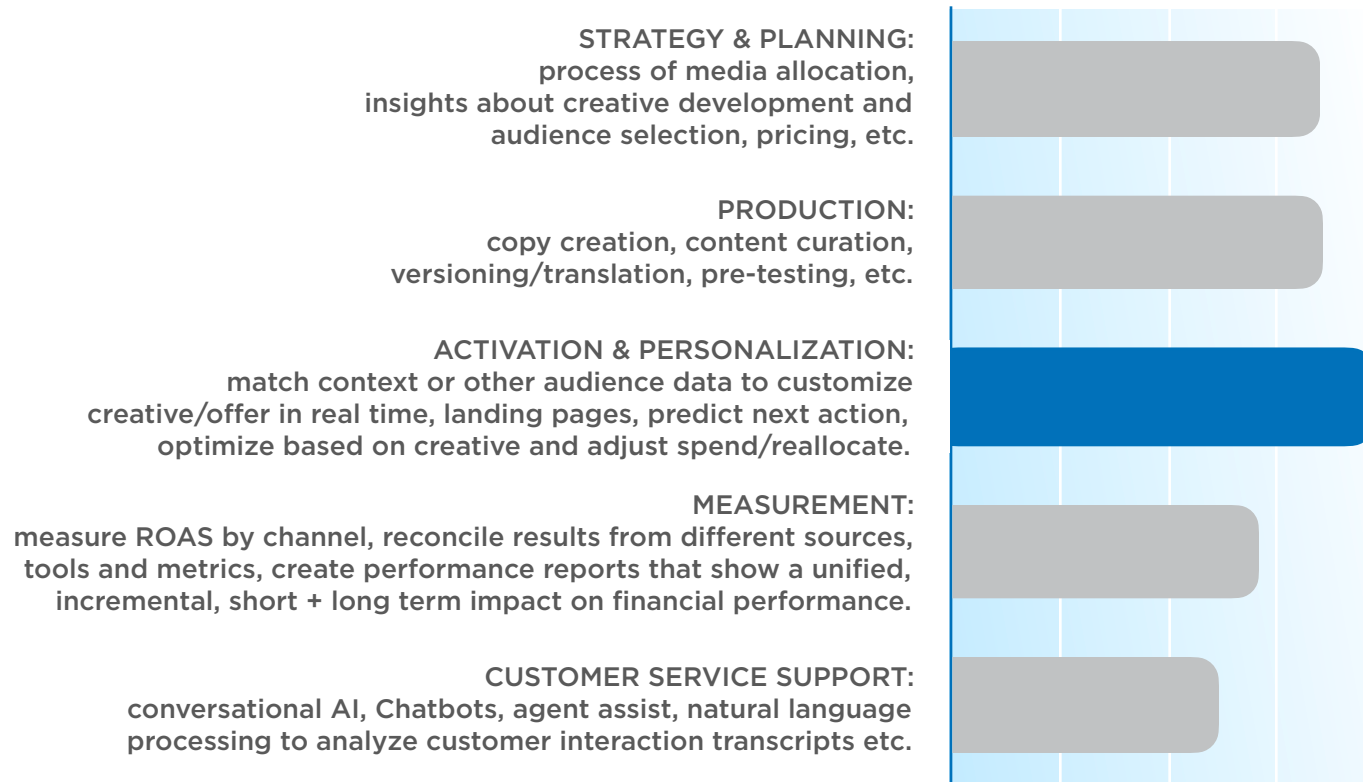
CUSTOMER SERVICE SUPPORT:

Conversational AI, Chatbots, agent assist, natural language processing to analyze customer interaction transcripts etc.

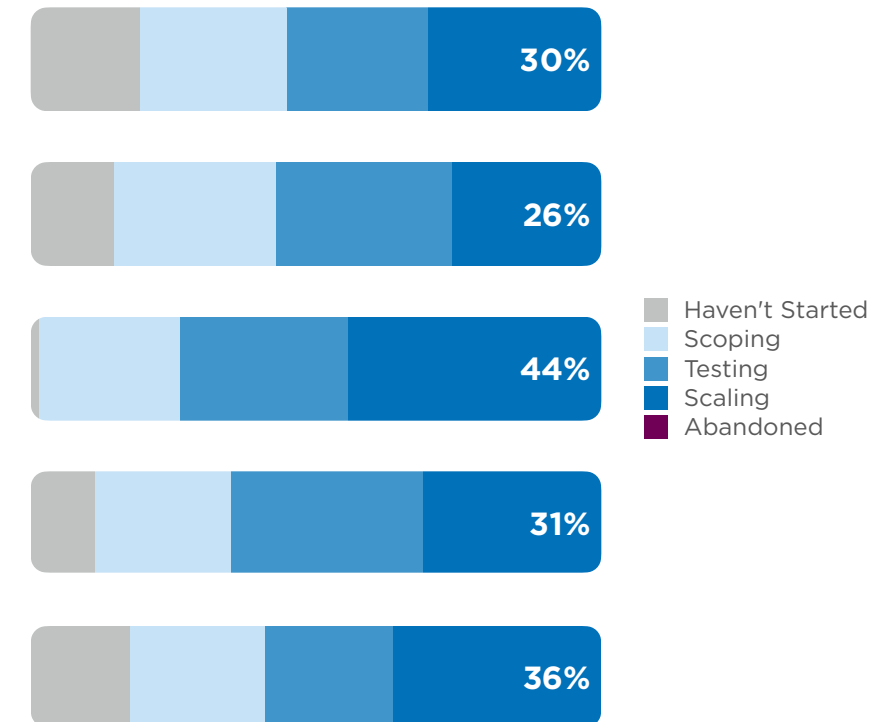
Activation & Personalization is a focus area for many organizations and a starting point for AI application

Marketing Use Cases for AI

Organizational areas of Focus in Marketing and customer experience



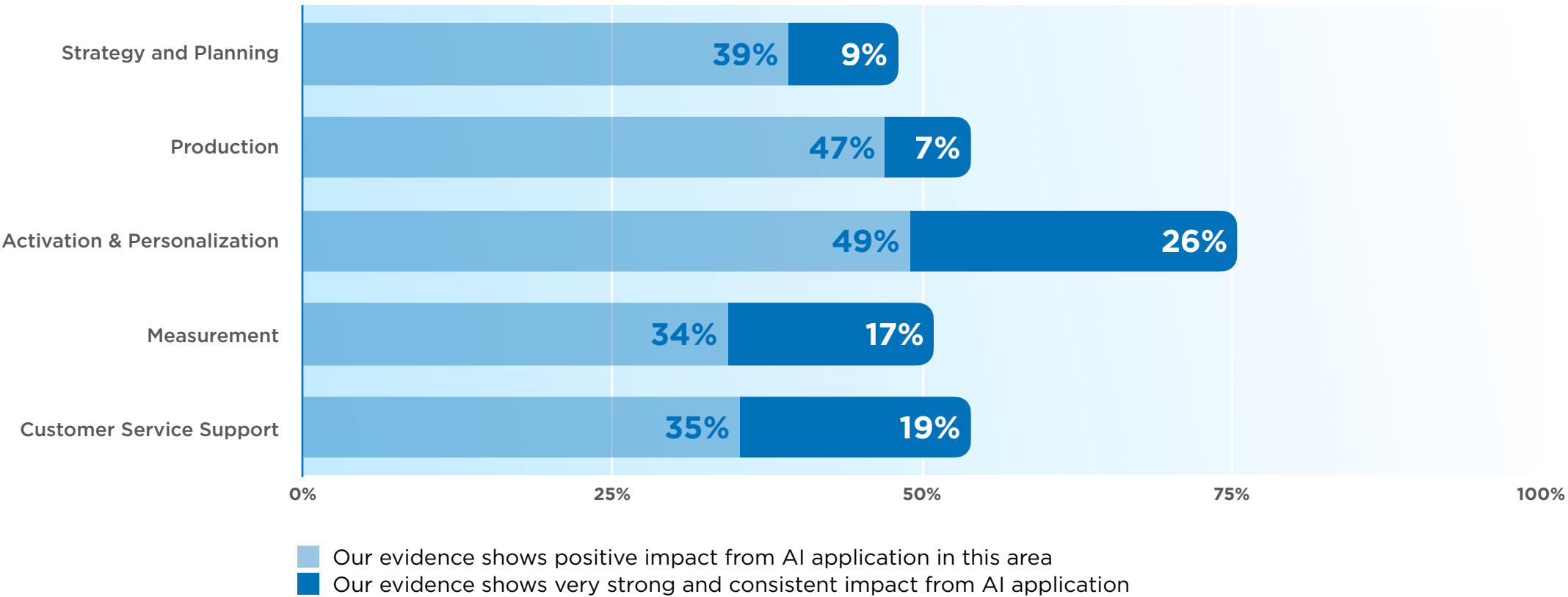
Stage of AI adoption by Use Case





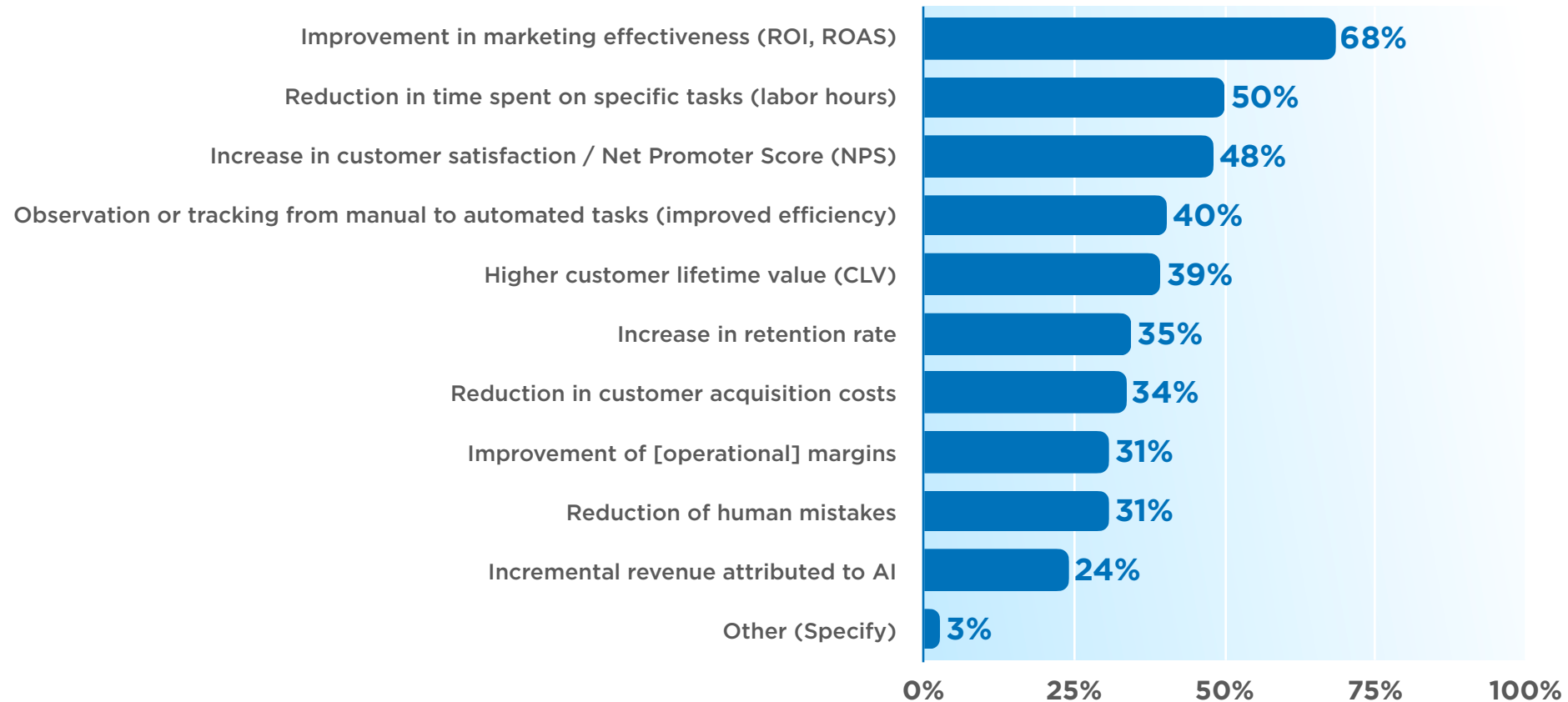
Preliminary evidence is positive, but more work is needed

Evidence of AI Application Impact



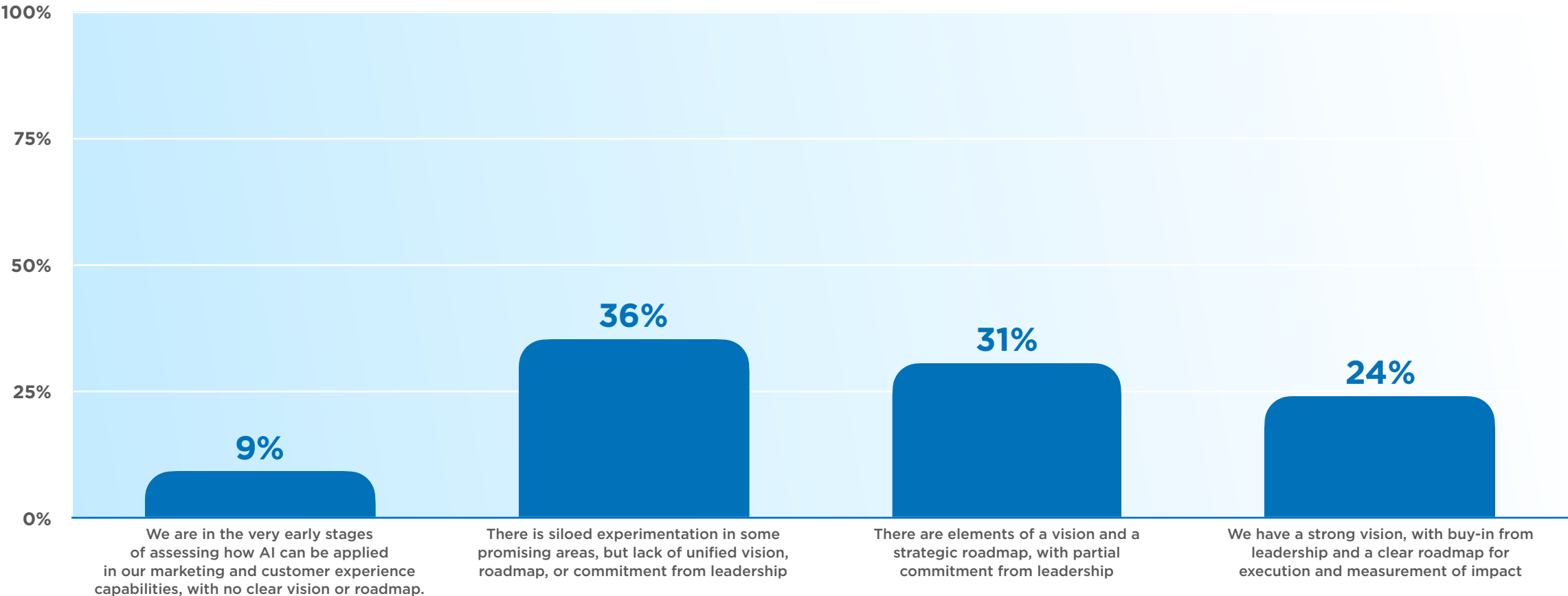
Improved ROI is the key metric for most marketers

Measuring AI's Impact



Despite all the test and learn around AI, only few companies have managed to establish a strong vision with buy in from leadership.

AI Strategy & Leadership Support



Growth Agenda - Key Takeaways

1

At the heart of AI implementation, companies are primarily focusing on enhancing **customer experience**. This pivotal strategy is shaping the way businesses integrate AI into their operational matrix.

2

To gauge the effectiveness of these AI strategies, businesses are relying primarily on the key metric of improved **Return on Investment** (ROI). However, they also value increases in efficiency, recognizing the multi-faceted benefits AI brings to their marketing endeavors.

3

Currently, the predominant use cases for AI are centered on **Activation and Personalization**. Many organizations are harnessing AI's capabilities to foster personalized customer experiences and enhance marketing activation, signaling a trend towards more targeted and customer-centric approaches.

4

Despite this initial focus, we expect that the **scope of AI applications will likely broaden** in the near future. As the potential of generative AI is fully realized, we anticipate a shift towards additional use cases including the production of creative assets, to strategy and planning, measurement and attribution, and customer service support.

5

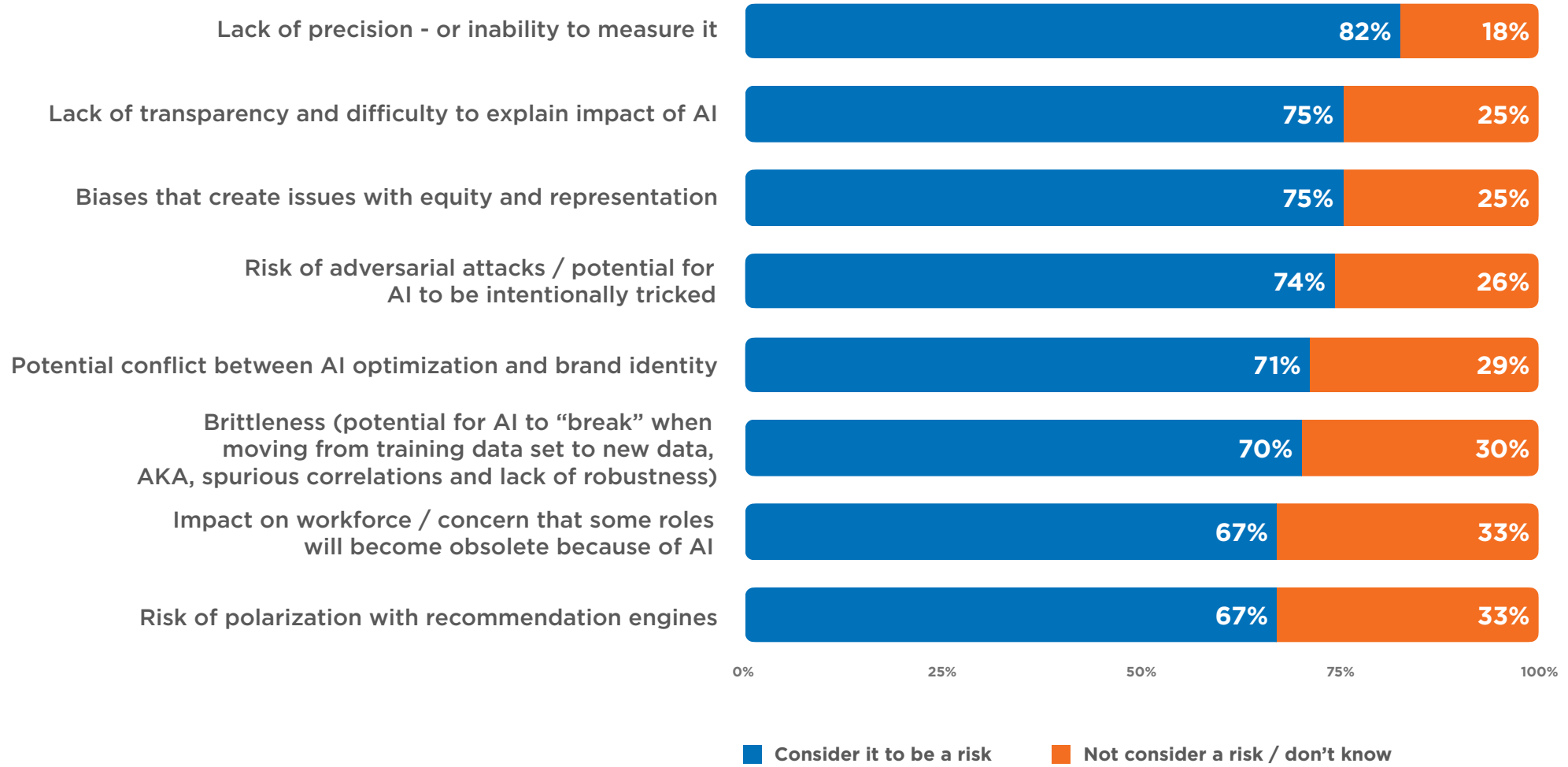
Even though the initial evidence of AI value is positive, our research emphasizes that more work is needed to **validate the business case** for AI and solidify a vision for its application. Despite the considerable experimentation with AI, only a few companies have managed to establish a robust AI vision with full buy-in from leadership. This is a critical step that can potentially accelerate the AI adoption process.

Risk Agenda and Governance





AI introduces organizations to a new set of challenges.





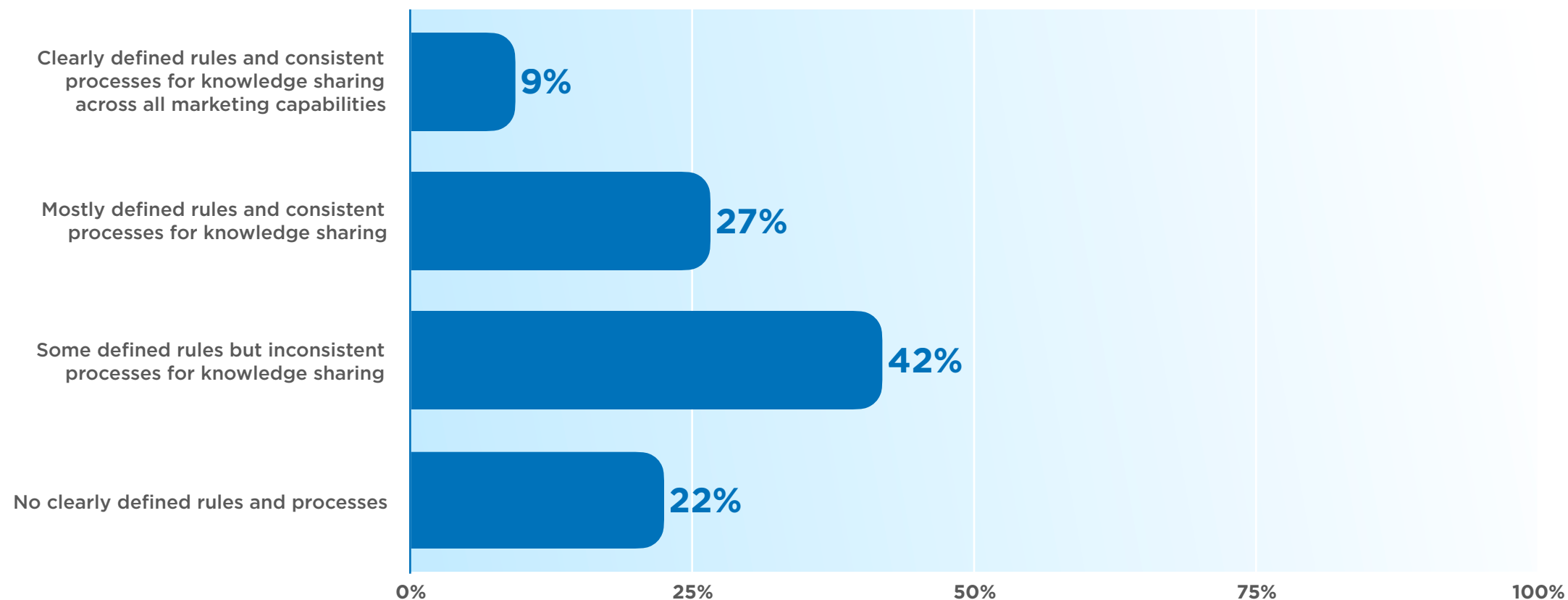
Most organizations are in very early stages of dealing with such risks.

Challenges and Risks of AI



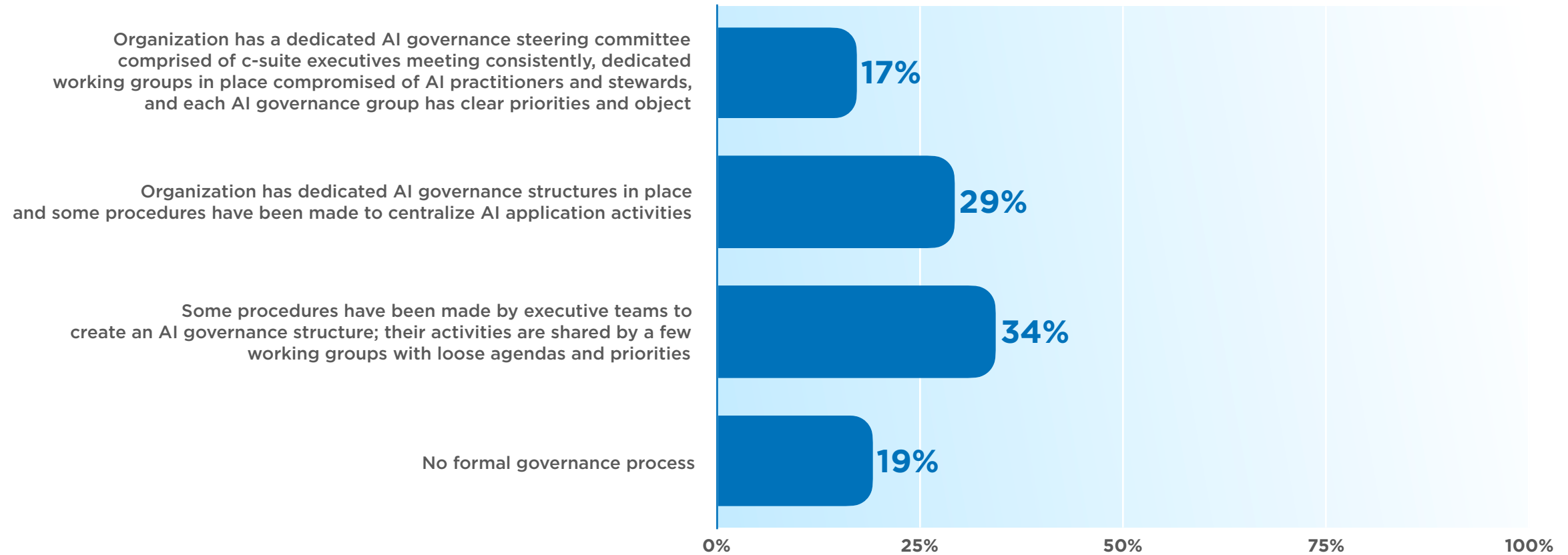
More effort is needed to establish knowledge sharing rules and processes

AI Knowledge Share



Yet, 46% of companies are leaning in, with a focus on dedicated AI governance at the organization level

AI Governance



Risk Agenda - Key Takeaways

1

The introduction of AI presents organizations with a **unique set of challenges**. These include issues of precision and transparency, potential biases in data and algorithms, and potential conflicts between the drive for optimization and the preservation of brand equity. These challenges demand careful attention and nuanced strategies.

2

Our research reveals that most organizations are still in the **early stages of dealing with these AI-related risks**. Additionally, there's a significant need for more effort in establishing clear rules and processes for information sharing – a critical step in mitigating potential AI risks. Currently, only 9% of companies have established clear rules and processes in this area, highlighting the importance of this issue in the journey towards responsible AI adoption.

3

Encouragingly, our research revealed that 46% of companies are embracing these challenges with proactive measures, emphasizing the establishment of **dedicated AI governance** at the organizational level. This forward-thinking approach signals a commitment to responsible AI usage, setting the stage for a more resilient and adaptive marketing landscape in the face of AI-related risks.

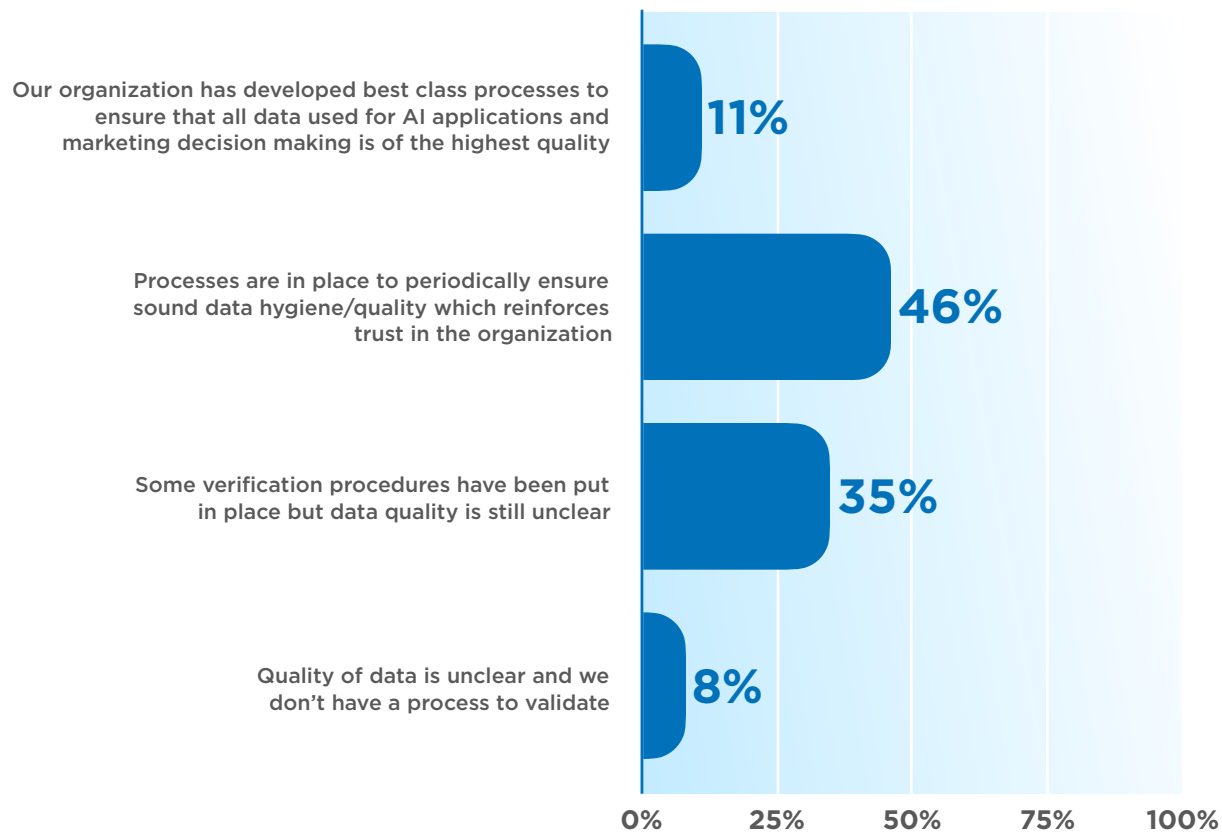
Organization and Capabilities Agenda



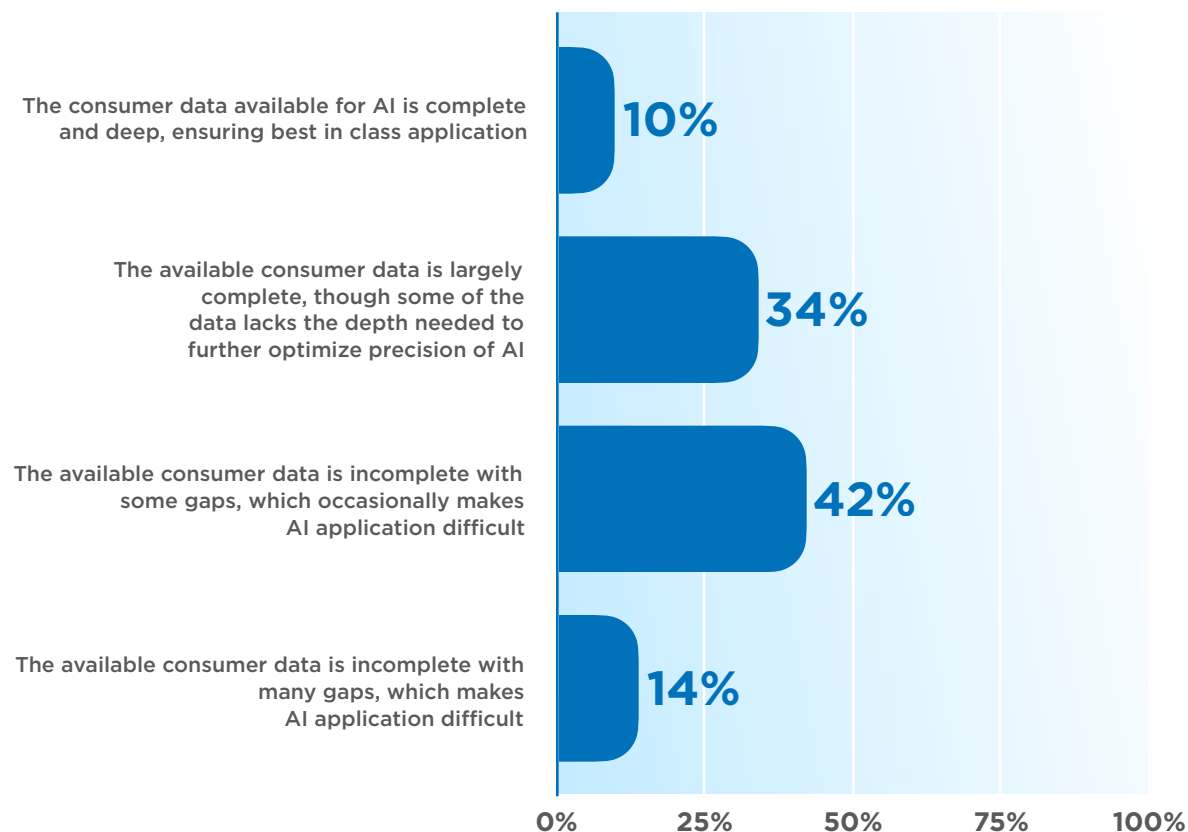
Pre-existing issues with data quality are coming to surface

Progress of AI Initiatives

Data Quality

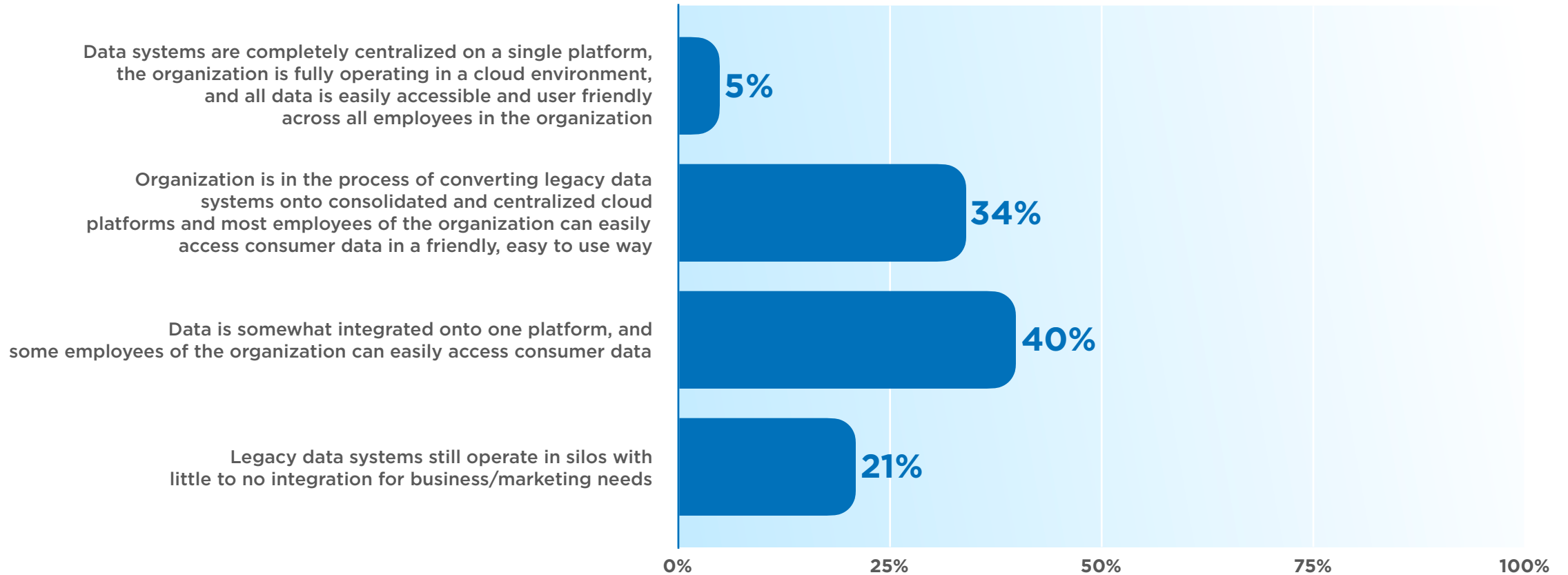


Breadth and Depth



Legacy Data Systems also hinder AI implementation.

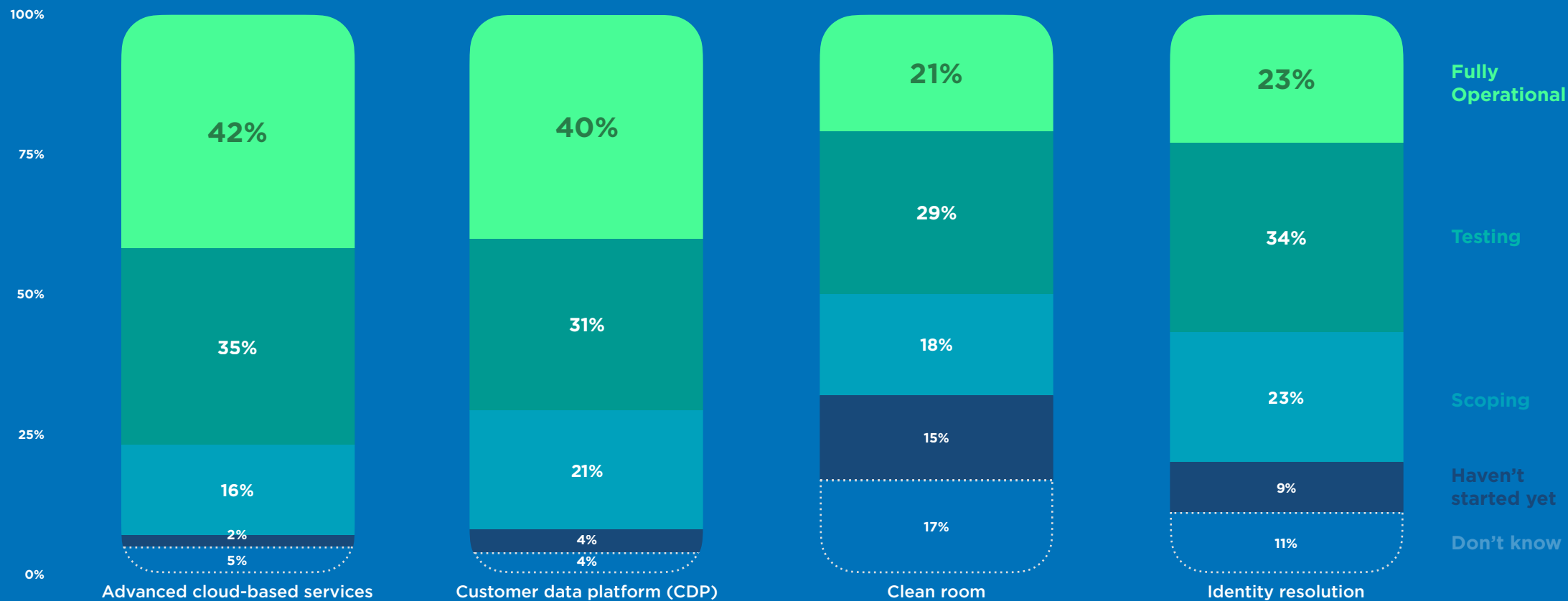
AI & Data System Integration





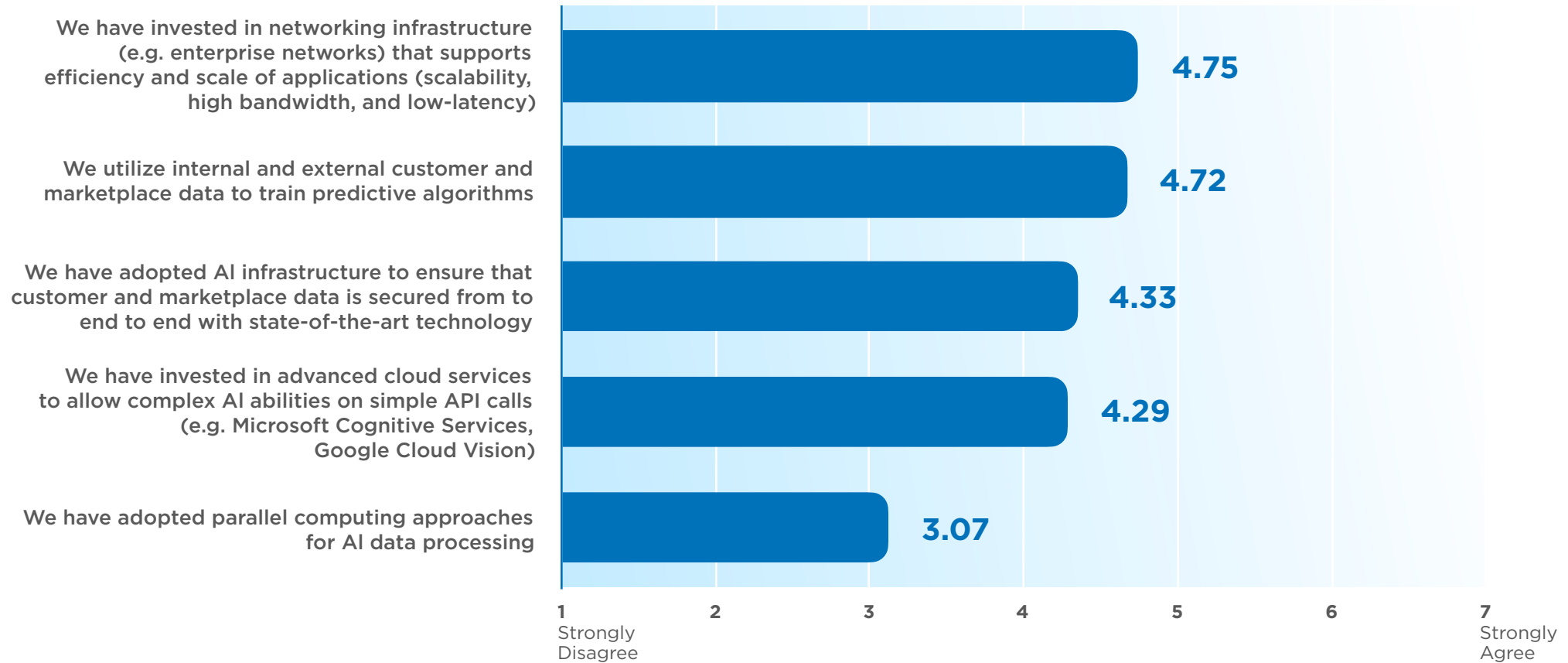
Cloud and CDP have been a clear focus for most marketers

AI Platforms



Marketers recognize they need to build more sophisticated data infrastructure for AI.

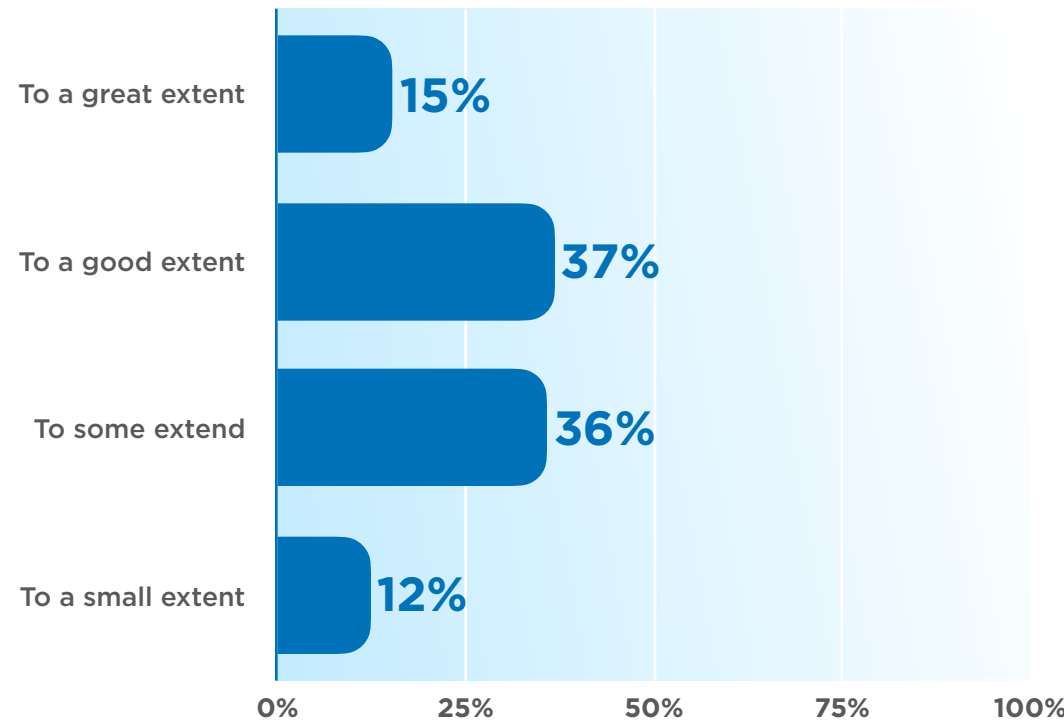
AI Infrastructure



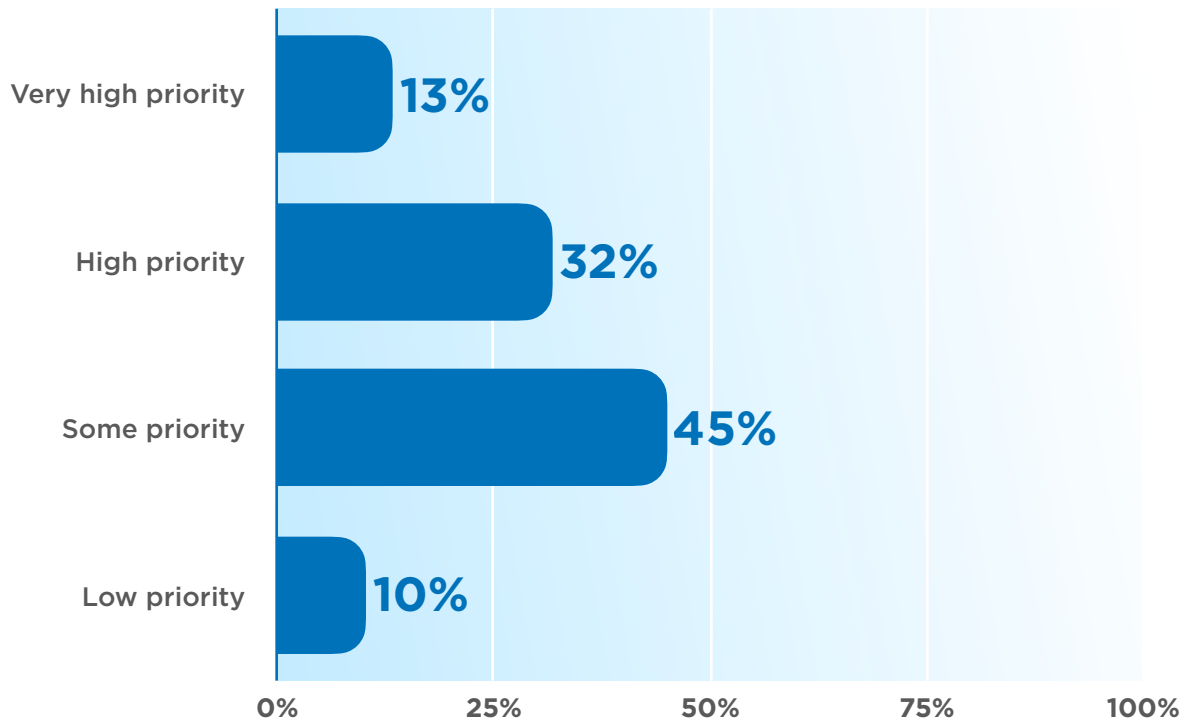
Most organizations lack specialized AI talent or the prioritization to fill those gaps

Use of AI Experts

Availability of specialized talent

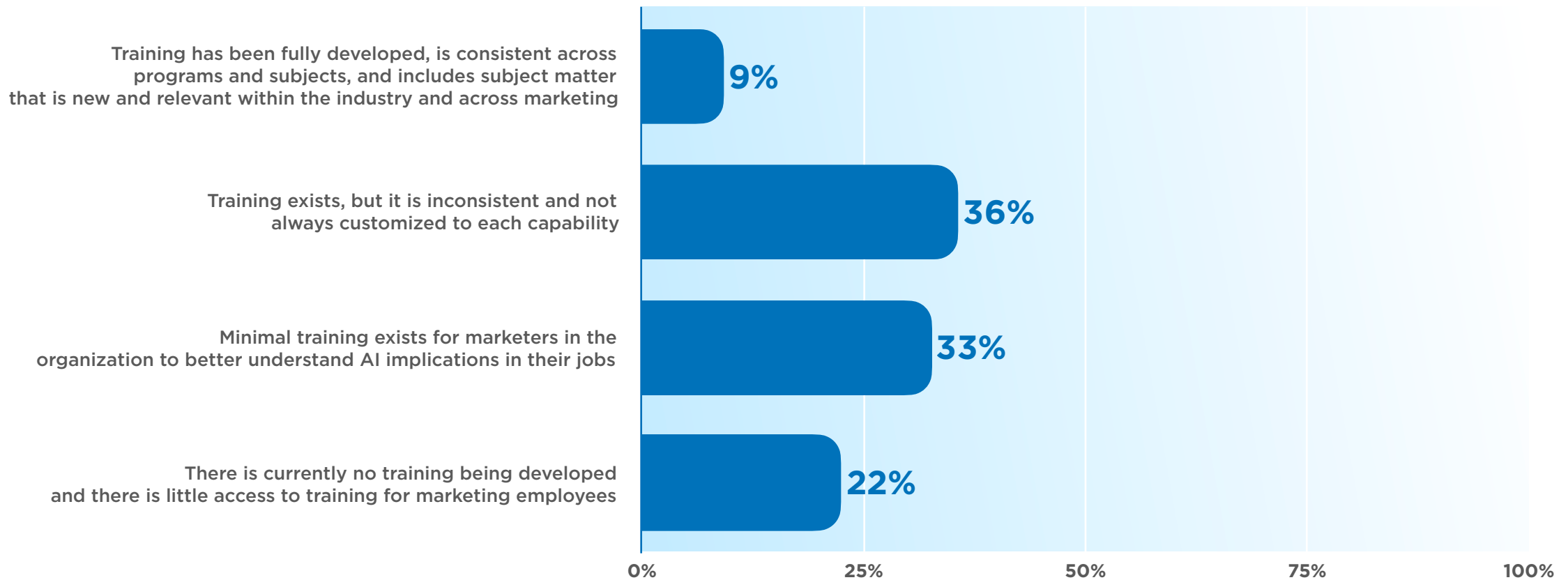


Prioritization of hiring specialized talent



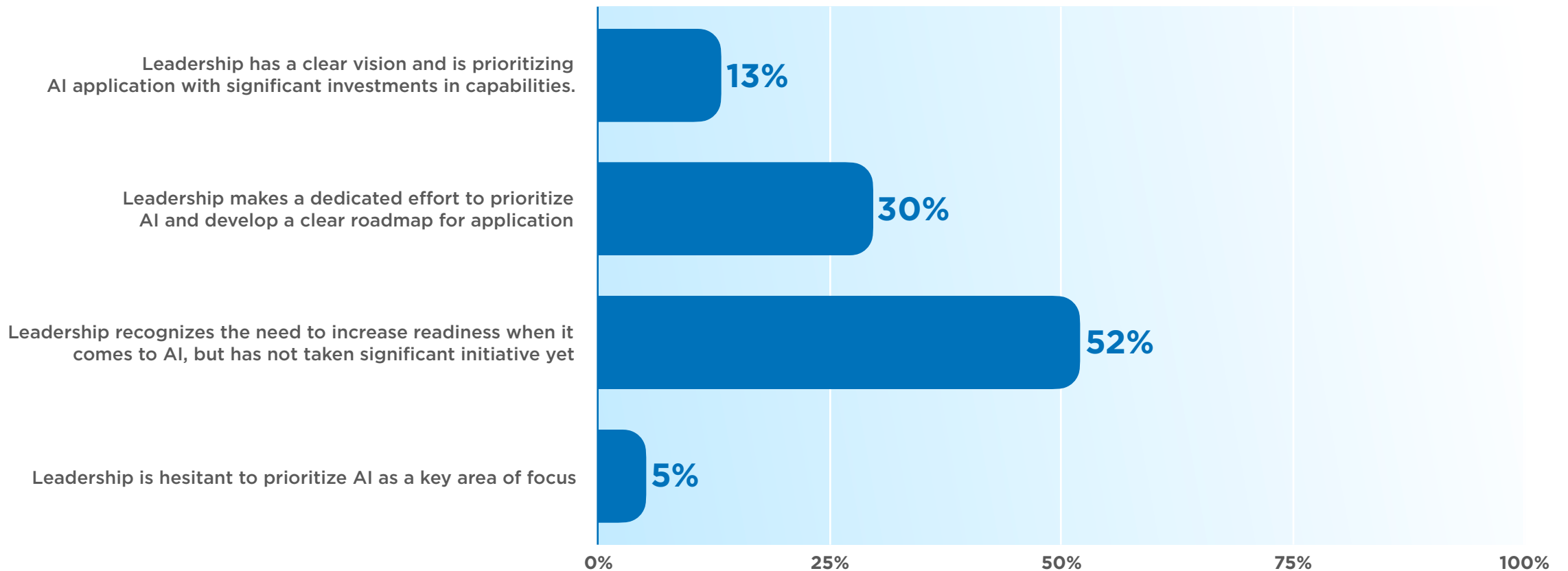
More focus is needed to develop relevant training of how AI will be applied in marketing

AI Training for Marketing



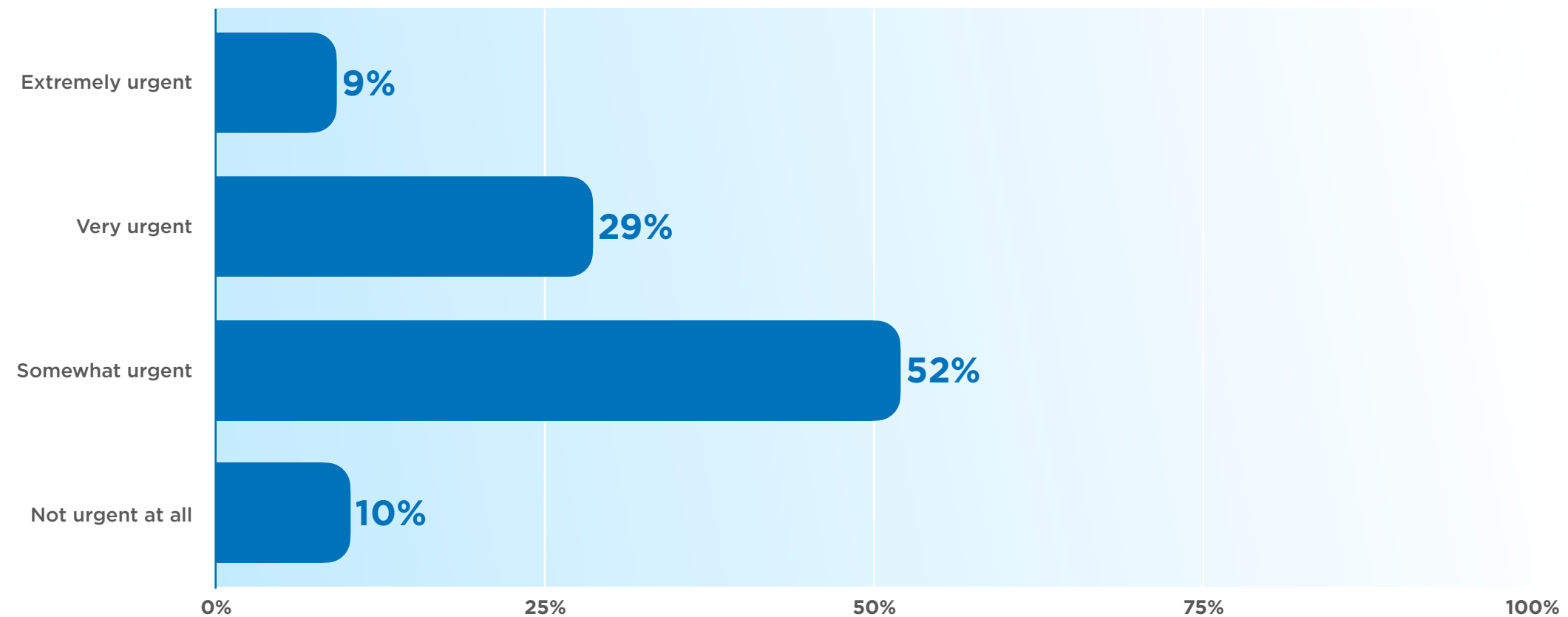
The role of leadership is critical, in order to unlock the necessary resources

Leadership's Attitude Toward AI



Yet, there seems to be a lack of urgency from leadership when it comes to AI

Leadership's Urgency Toward AI



Organization Agenda - Key Takeaways

1

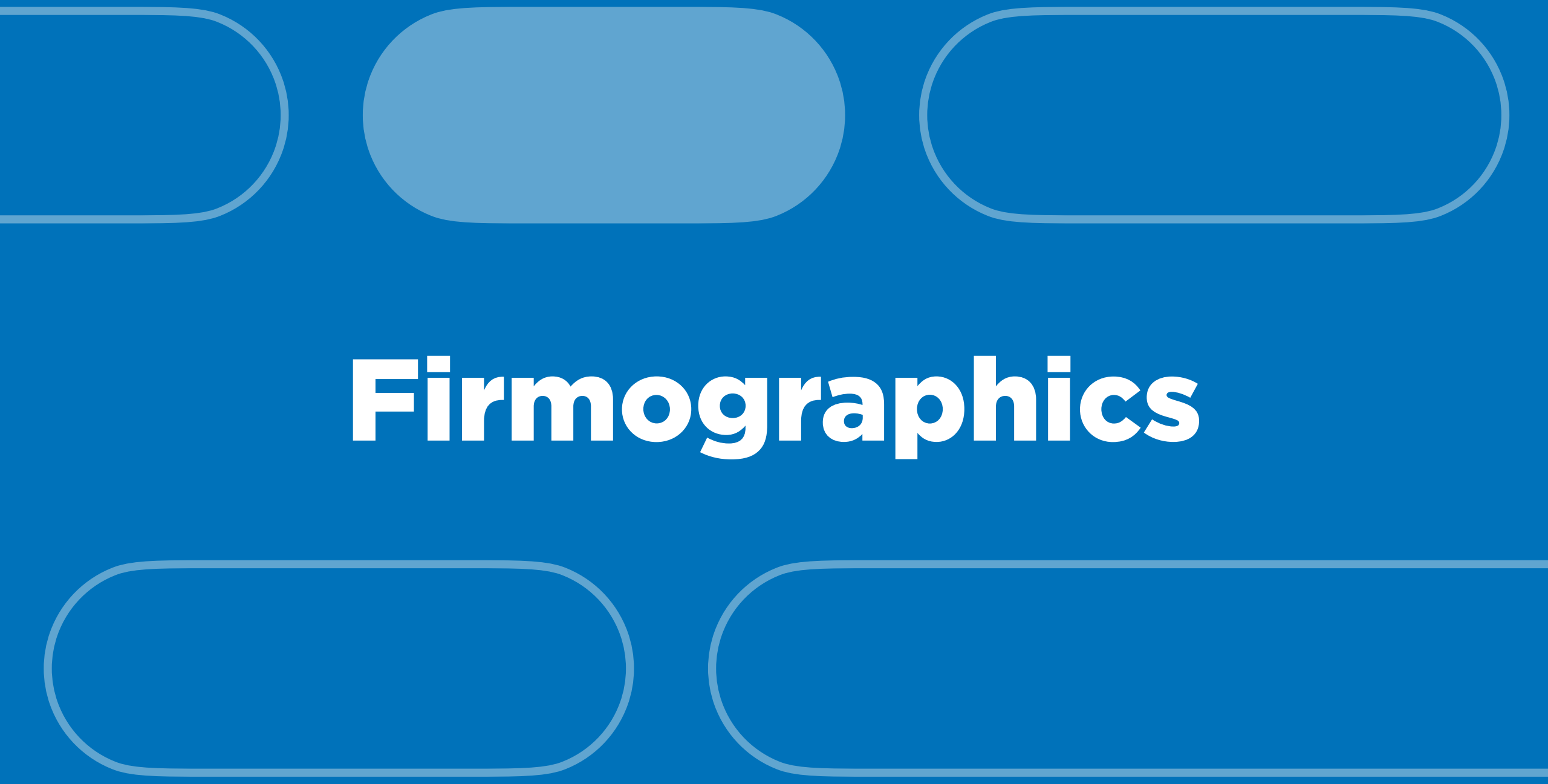
While marketers understand the importance of harnessing both internal and external data to train algorithms, significant challenges surface in this AI-driven era revolving **around pre-existing issues with data**. This broad concern trickles down into specific aspects such as data quality and volume and indeed, our survey finds that only one in ten marketers have achieved maturity when it comes to managing the quality of data and the volume necessary for effective AI deployment.

2

Legacy Data Systems present another hurdle in AI implementation. Although many marketers are making strides towards integrating their data stacks, only one out of twenty has reached maturity in this area, underscoring the need for continued efforts and progress. Nonetheless, we see rays of hope in the marketing landscape, since a sizable portion of marketers (40%) are focusing on Cloud and Customer Data Platforms (CDPs), with fully operational systems in these areas. This trend signals a growing recognition of the crucial role of sophisticated data infrastructure in successful AI application.

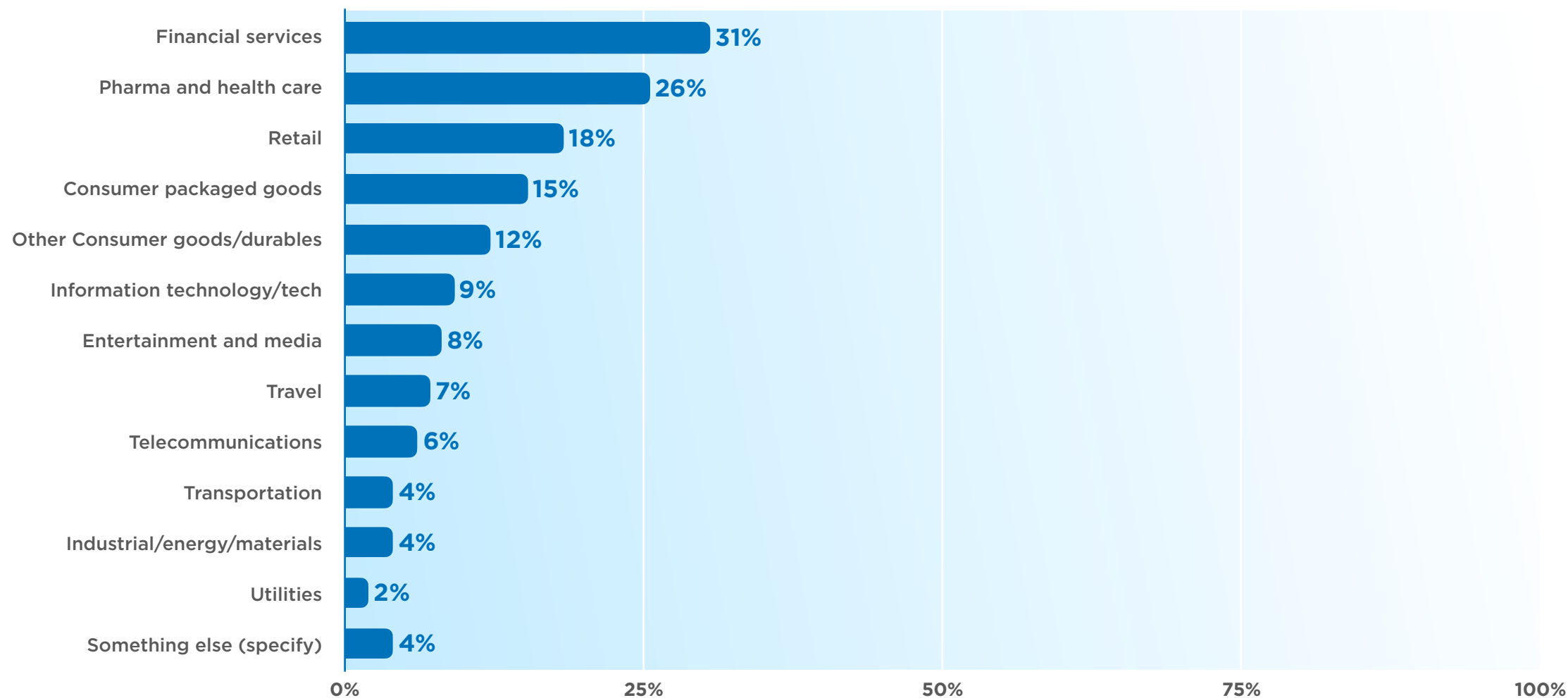
3

Leadership plays a critical role in this journey. To unlock the transformative potential of AI in marketing, it's imperative for leaders to mobilize the necessary resources and prioritize AI readiness. Specifically, there's a pronounced gap in specialized AI talent within organizations, and a greater emphasis is required to develop relevant AI application training in marketing. Yet, there seems to be a perceived lack of urgency from leadership when it comes to embracing AI, indicating a need for a shift in organizational mindset towards AI adoption.

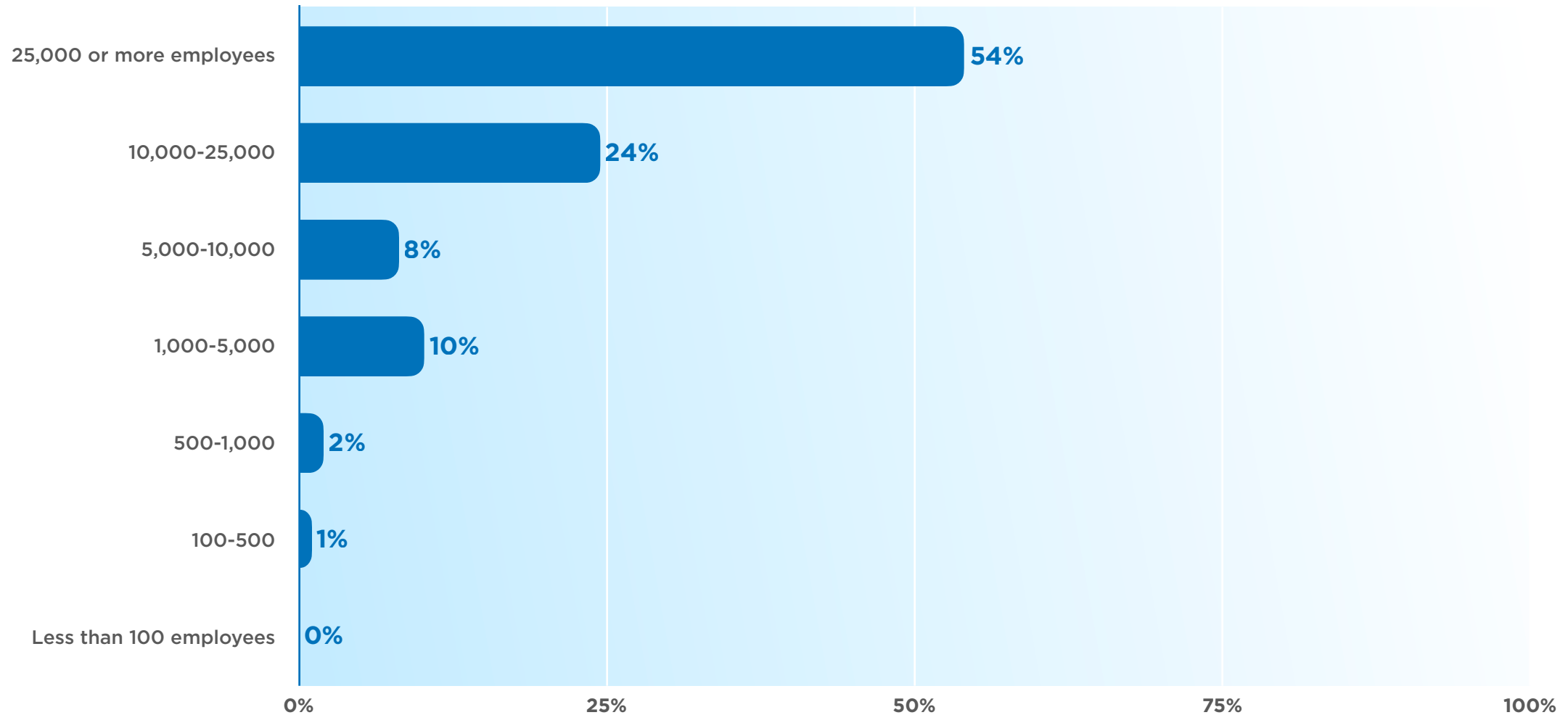
The background features five light blue rounded rectangles. Three are arranged horizontally at the top, and two are arranged horizontally at the bottom. The central rectangle in the top row is filled with a solid light blue color, while the others are empty outlines.

Firmographics

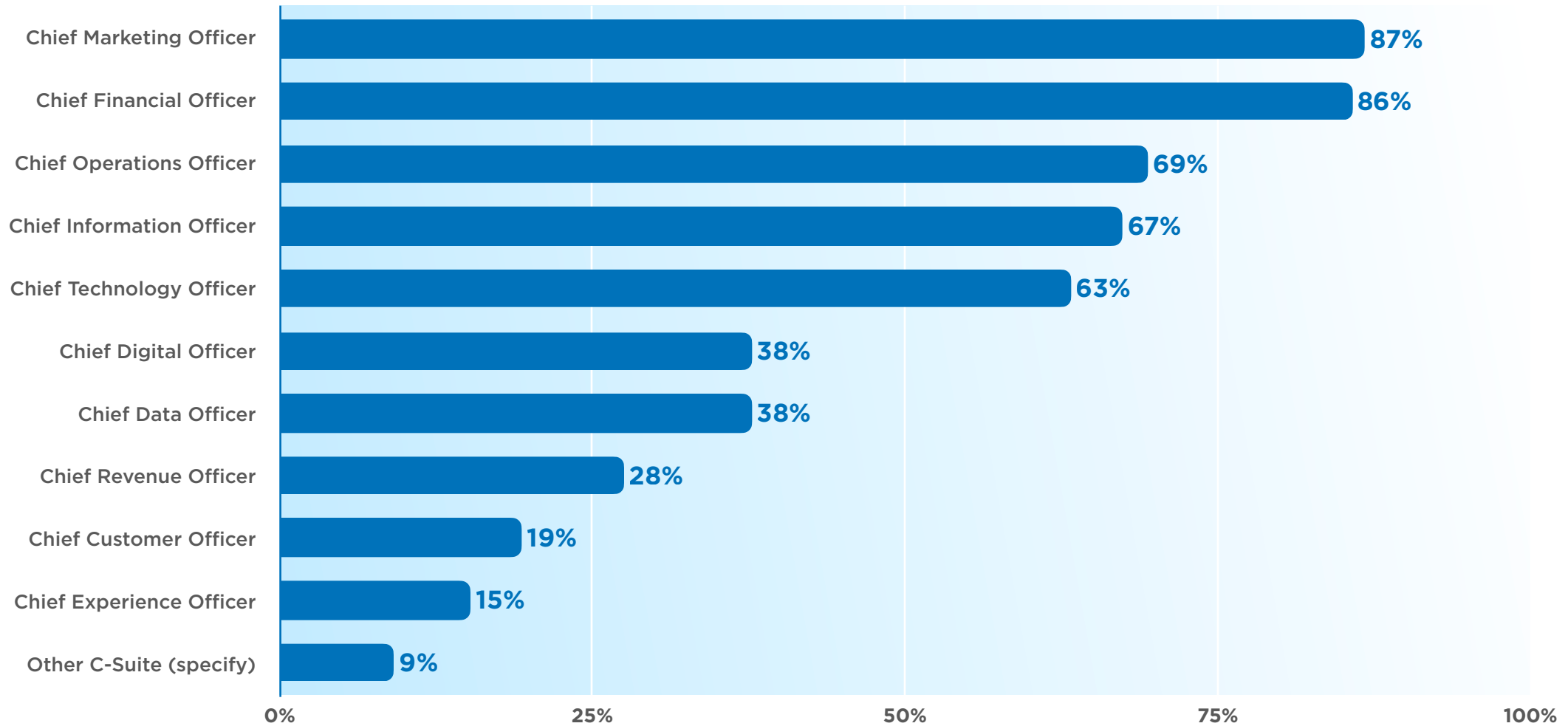
Company sector



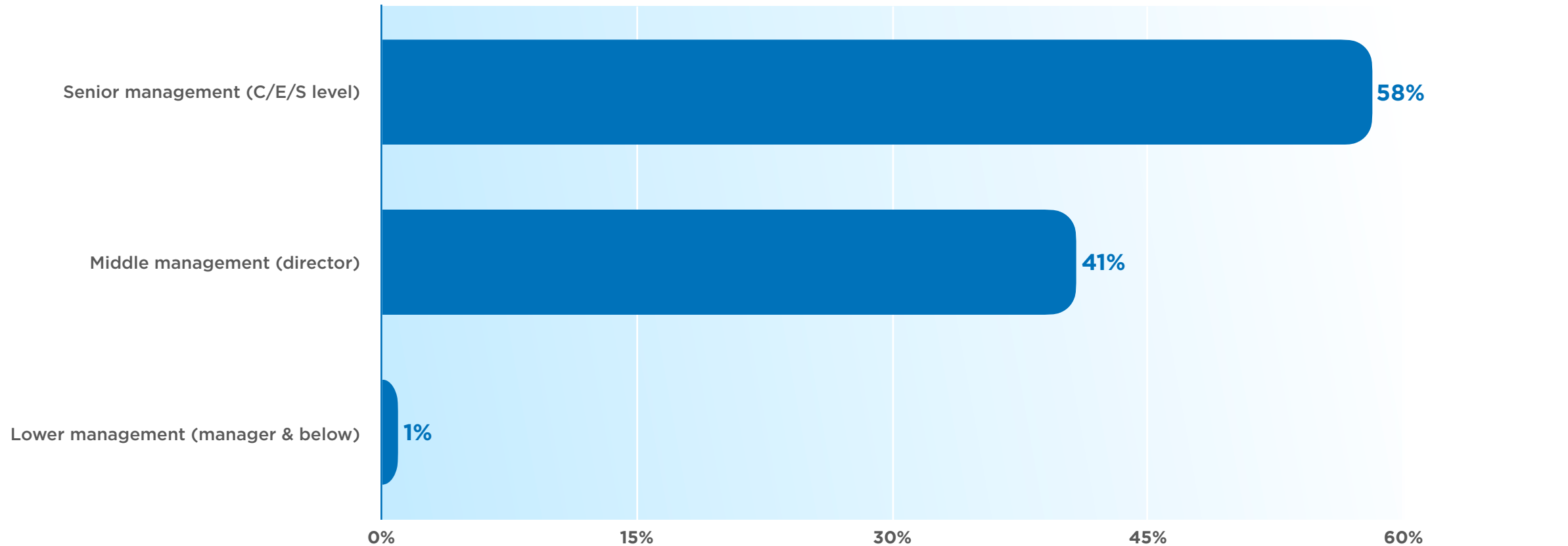
Company size



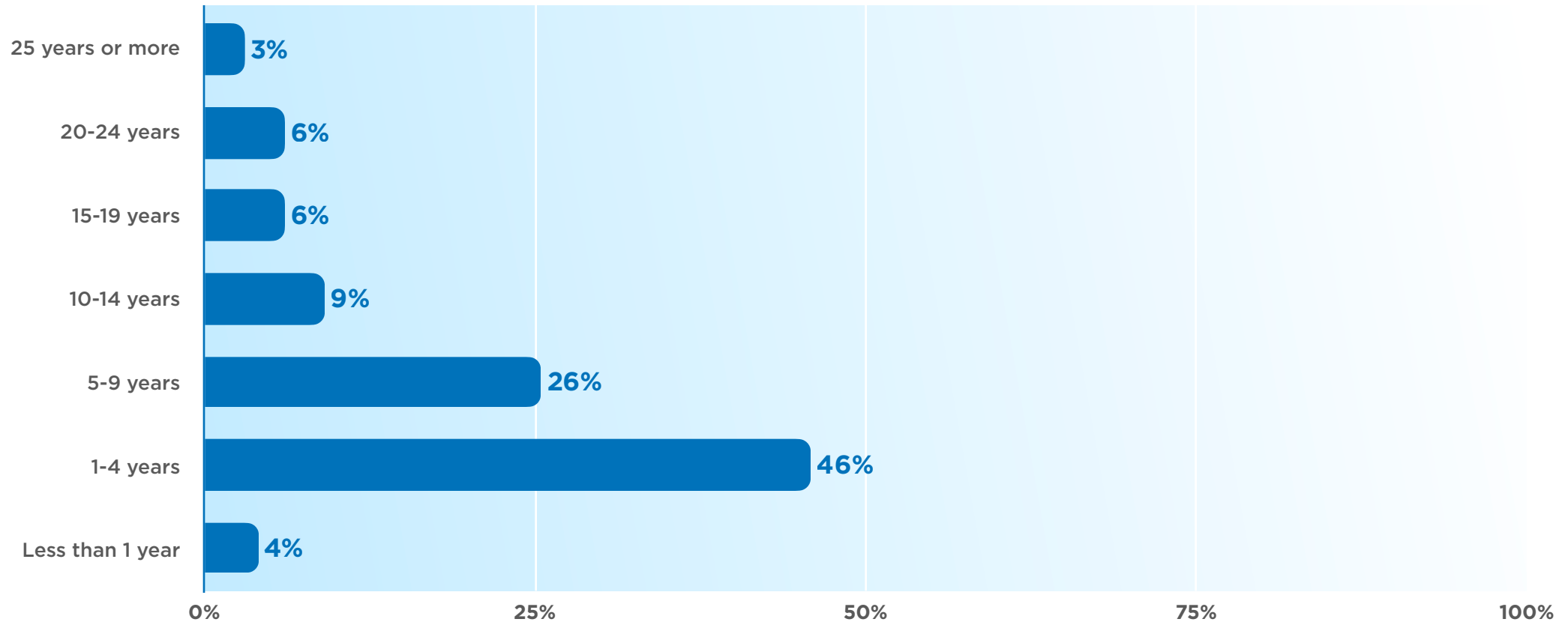
C level roles in the organization



|| Current title



Company tenure



About MMA Global

MMA Global is a non-profit industry association dedicated to dramatically improving Marketing's ability to deliver on a company's growth agenda. With 800+ member companies and offices in 15 countries around the world, the MMA is organized and run by Marketers and the only trade body to include all aspects of the marketing ecosystem (adtech/martech, platforms, media, agencies), which is crucial in addressing the industry's most pressing challenges.

MMA invests in scientific research leveraging research consortiums and in-market experiments to discover new approaches to improve the return on investments in marketing. These initiative are executed through three Think Tanks each with a mission to drive step-function improvement in marketing-led growth and profitability.



Marketing Attribution Think Tank (MATT):

Empower marketers with a true impact of Marketing through advancing scientific approaches to measurement that will ultimately increase the value of their company.



Marketing Organizational Strategy Think Tank (MOSTT):

Empower marketers to build & execute winning data & customer strategies that will ultimately increase the value of their company.



Marketing Data and Customer Experience Think Tank (DATT):

Empower marketing executives to understand and implement evidence-based Organizational Structures that will ultimately increase the value of their company.

MMA Member Organizations Include:





www.mmaglobal.com

#SHAPE**THE**FUTURE®