



UNIVERSITY OF GOTHENBURG  
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# Brand Management and Artificial Intelligence - A World of Man Plus Machine

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can contribute to Brand Management in the B2C sector*

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## ABSTRACT

The fast transforming world of technology has made the environment for Brand Management increasingly complex. To survive, brands need to raise the stakes, develop sharper strategies, provide holistic experiences, and gain a better understanding of their customers. Artificial Intelligence (AI) is a field within technology that exhibits and imitates human intelligence and is a tool that can assist Brand Management with their challenges. Yet, there is a lack of relevant research regarding the combination of the two fields. Furthermore, as with most disruptive technologies, there are also risks associated. Thereby, there is a relevance for our article which uses a combination of a literature review and an interview study to research *how AI can contribute to Brand Management and what the associated risks are*. We provide a model demonstrating how seven AI applications can contribute to different components within Brand Management, functioning as a guideline for brands. The AI applications deemed relevant to implement are *Automated Customer Service, Intelligent Advertisements, Recommendation Systems, Customer Segmentation Systems, Conversion Rate Optimization Systems, Propensity Modeling, and Dynamic Pricing*. The applications can generate more efficient customer service that enhances the consumers' perception and relationship with the brand. AI also enables brands to better understand their consumers, providing the ability to optimize communication and consumer experiences. The implementation of AI, however, also implies the risk of losing a consistent *Brand Identity* and *Brand Image*, resulting in consumers' irritation and disliking of the brand. Due to brands collecting personal data about their consumers, brands risk losing trust if ethical considerations are disregarded. Overall, if the AI implementation is conducted in a thorough manner where the focus is to benefit the consumers', we conclude that AI provides immense potential within Brand Management.

**Keywords:** Brand Management, B2C Brands, Artificial Intelligence, AI Applications

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## INTRODUCTION

The environment for Brand Management has become increasingly complex as a result of the fast transforming world of technology (Yin Wong & Merilees, 2008; Khan & Rahman, 2016; Veloutsou & Guzmán, 2017). Technological advancements have created structural shifts within companies' strategies, and business paradigms as a whole (Kumar et al., 2019). Currently, companies are experiencing a gradual implementation of parallel responsibilities between human and non-human engineering within Brand Management (Carah & Angus, 2018). Regardless of

industry, the market has become highly subjected to advanced technology and digitalization, altering consumer behavior and consumer demands as a result (Yin Wong & Merrilees, 2008). Yin Wong and Merrilees (2008) states that this transition has made it more difficult for brands to compete and survive if not consistently staying up-to-date with the contextual changes. Today companies need to raise the stakes, develop sharper strategies and develop an even better understanding of their customers' needs and demands, providing holistic satisfactory solutions in order to survive (Kumar et al., 2020).

## DEFINING ARTIFICIAL INTELLIGENCE

An area that has seen immense advancements and has become a known buzzword is Artificial Intelligence (AI) (Conick, 2017). AI is the collective concept of technology that is capable of exhibiting and imitating human intelligence (Davenport et al., 2019; Kumar et al., 2020). AI can be defined as “*a system’s ability to interpret external data correctly, learn from such data, and use those learnings to achieve specific goals and tasks through flexible adaptation*” (Kaplan & Haenlein, 2019, p. 17). AI is currently transforming numerous industries, including the fields of branding, marketing, advertising, and business in significant ways (Conick, 2017). Kumar et al. (2020) state that the intelligence of AI is developed through the technology’s ability to self-learn and improve based on prior experiences, constantly becoming more efficient and intelligent with every executed task, thus enhancing its knowledge base. They further say that AI relies on approaches, such as Machine Learning, to make predictions, identify patterns, and learn from previous data, thus generating valuable insights. AI can also recognize and identify data using technologies such as Natural Language Processing (Kaplan & Haenlein, 2019; Portugal et al., 2018).

There are, however, contradicting opinions regarding the power of AI. On one hand, it has been said that “*there is something about being human that is unique. All the beautiful things we associate with marketing, they are and will continue to be the human actors and the human participants, not so much the technology*” (Conick, 2017, p. 35). On the other hand, it is also claimed that AI obtains limitless opportunities and will significantly help improve marketing performance (Conick, 2017; Miklosik et al., 2019). Accordingly, questions arise as to the importance of implementing AI into marketing and whether AI can enhance Brand Management or deteriorate it.

Davenport et al. (2019) point out that as with most disruptive technologies, there is often an initial adoption barrier, negative associations, and a generally skeptical viewpoint to new inventions.

Regarding AI, Davenport et al. (2019) further argue that a distinct contributor to cynicism is the lack of human senses such as empathy and the ability to feel. There is a discomfort of relying on an application or ability embedded in a computer algorithm as there is the notion of robots lacking moral and ethical considerations. Research also acknowledges the risk that the advances within AI will eliminate a vast amount of job positions due to automation, resulting in internal changes within companies (Walsh, 2017). However, there is also evidence suggesting that AI will benefit humankind in several ways as plenty of job positions will be created alongside those that disappear (Mclay, 2018). Positions within marketing are said to improve through automation, allowing people to focus on more creative and strategic activities (Mclay, 2018; Walsh, 2017). Thus, despite the potential challenges, many brand managers remain positive towards the potential of AI within Brand Management (Miklosik et al., 2019). All things considered, we believe that due to the skepticism regarding AI, it is important for companies to understand the potential of AI within Brand Management and how to implement relevant applications in a way that increases possibilities and decreases risks.

## THE SIGNIFICANCE OF BRAND MANAGEMENT

Additionally, to the shift that has occurred within technology, there has also occurred a shift in Brand Management (Kornberger, 2010). Brand Management is a tool used to structure the company both internally and externally in order to communicate the right messages and engineer the desired consumer behavior (Kornberger, 2010; Holt, 2002). Brand Management can be defined as the effort to control that the brand is being perceived and communicated in line with the aspired *Brand Identity* (Temporal, 2010), aiming to acquire the desired positioning of a brand in the appropriate market (Solér et al., 2015). Rather than consumers solely using products for their functionality, brands nowadays obtain a more significant role in consumers’ lives, providing symbolic and social meanings in which consumers can associate with (Veloutsou & Guzmán, 2017; West et al., 2018). The differentiating

element that diversifies brands and makes them unique in comparison to their competition is not necessarily ‘*what*’ they do, but rather ‘*how*’ they do it, making it essential to build a brand from the inside out (Kornberger, 2010). It is also important to create a strategy that promises consistency within all activities associated with the brand (Louro & Cunha, 2001). Further, the ability of brands to obtain sustainable loyalty among their consumers is becoming increasingly difficult, making Brand Management highly significant in the success of sustainable growth (Chang & Chieng, 2006).

Brands nowadays need to offer holistic experiences to their customers made up of multiple touchpoints which can potentially offer meanings to consumers’ lives (Veloutsou & Guzmán, 2017; Khan & Rahman, 2016). Veloutsou and Guzmán (2017) argue that technological changes have influenced consumers’ expectations regarding a seamless brand experience throughout all touchpoints, increasing the demands on brands. Because of this, they mean that brands need to continuously adapt and implement new technologies to offer customers a coherent brand experience. Kornberger (2010) further points out the importance for brands to simultaneously stay aligned with their Brand Management strategy.

Technological advancements have also changed the way consumers experience and engage with brands (Vernuccio et al., 2015). The dynamic market, the technological changes, and the increased demands have created great challenges for companies to control their Brand Management as they have partially lost authority of their *Brand Image*, *Brand Communication*, relationships, and reputations (Veloutsou & Guzmán, 2017). The changes within the field of Brand Management have led brands to exist in a complex environment in which companies are required to fully comprehend how to capture consumers’ attention and create real value for their target group in order to build a strong brand (Davenport et al., 2019).

## IMPLEMENTING AI INTO BRAND MANAGEMENT

It is evident that plenty of research has been done in the field of AI (McCarthy et al., 2006; Mclay, 2018) and Brand Management (Veloutsou & Guzmán, 2017; Chang & Chieng, 2006) separately throughout the years. However, the relationship between the two fields and how these can be integrated still seems to be relatively unresearched, which can be supported by several arguments. First of all, existing research studies the implementation of AI, but within the field of marketing as a whole rather than solely within Brand Management (Davenport et al., 2019; Miklosik et al., 2019). Observations by Martínez-López and Casillas (2013) and Davenport et al. (2019) further suggest that there is insufficient research concerning AI applications and their potential within marketing. Thus, one can acknowledge that there lies a relevance in specifically studying the relationship between the fields of AI and Brand Management as well.

AI was initially created as a branch of computer science where hard metrics, using quantitative data, were more prominent (Jacko, 2012). However, according to Jacko (2012) human factors and cognitive computing have gained more focus lately. Brand Management, though also relying on hard metrics, tends to predominantly rely on human factors and other soft metrics, using more qualitative data (Li, 2019). Accordingly, this indicates a need for continuous research of AI within the field of Brand Management. In addition, the advancements of AI generate new customer demands and changing organizational structures and competencies internally in companies (Conick, 2017). Since AI has already had an impact on marketing strategies, it is deemed to continuously influence the field of marketing in the future (Davenport et al., 2019), implying the relevance of this study as Brand Management is part of marketing.

Finally, the implementation of AI is also associated with risks and challenges which may deteriorate certain Brand Management efforts. Therefore, there exists a need to contribute to this combined field of research, acknowledging the areas in which brands can improve their Brand

Management strategies, and specifically how companies can implement relevant applications without negative consequences.

## PURPOSE AND RESEARCH QUESTION

The purpose of this article is to provide a framework that illustrates how AI can contribute to Brand Management. We focus particularly on the B2C sector as these brands generally contain a larger variety of consumers resulting in higher importance to identify and understand one's target group (Liu et al., 2018; Hutt & Speh, 2012). The aim is to create a contribution to the field of Brand Management and AI by researching the following questions:

- How can AI contribute to the field of Brand Management?
- What are the associated risks with implementing AI within Brand Management?

This article provides a model illustrating seven AI applications' potential within different Brand Management components. This was achieved by gathering and interpreting previous literature and interview findings. Furthermore, this paper identifies and describes the risks of implementing these AI applications into Brand Management. If implemented effectively, AI can contribute to achieving more accurate communication to the relevant target group, simplify certain activities for brands whilst simultaneously enhancing the consumers' experiences.

In the next section, we introduce the methodological approach of this article. We then present the literature review where relevant AI applications are integrated into Brand Management. Thereafter, the interview study containing both a consumer and company perspective is presented, where recurring and captivating findings have been extracted and presented in Table 3. Following, a discussion takes place linking the literature review and the interview findings. Finally, the conclusion refers back to the research questions

by summarizing the main findings of the article, followed by suggestions for further research.

## METHODOLOGY

This section aims to provide a comprehension regarding the process of the study, presenting the method of which the literature review and interview study was collected, processed, and analyzed.

### METHODOLOGICAL APPROACH AND RESEARCH DESIGN

Considering the relationship between theory and interview findings, an abductive approach has been used for this study (Patel & Davidsson, 2011). Composing the data collection and analysis has been a dynamic process of transitioning back and forth between previous literature and the interview findings. Our data material consists of a literature review and an interview study which helped us identify AI's contribution to Brand Management and the potential risks. We used a qualitative research method as the aim is to gain in-depth knowledge regarding how companies can implement AI within Brand Management, as well as develop an understanding of the consumers' perspective on AI.

### LITERATURE REVIEW

The literature review is an essential part of this study, consisting of multiple references from academic articles and publications, providing significant insights from previous research (Eriksson & Kovalainen, 2016; Bell et al., 2019).

#### Data Collection

We have conducted thorough research of previous literature regarding the fields of Brand Management and AI. When searching for academic articles, we mainly used Gothenburg University Library search engine and databases such as Emerald, JSTOR, Business Source Premier, as well as Google Scholar. Search words used for Brand Management included; *Brand Management, Branding, Brand Communication, Brand*

*Relationship, Brand Strategy, Consumer Behavior, Advertisements, et cetera.* AI search words included; *Artificial Intelligence, Machine Learning, Machine Learning techniques, AI tools, algorithms, and chatbots.* When combining the two fields we used search words such as; *Artificial Intelligence within marketing, Artificial Intelligence and Brand Management, email-marketing and Artificial Intelligence, applications of AI, AI in advertising and the role of AI within marketing.* Finally, 77 articles were used for our literature review. These articles were chosen due to their various perspectives deemed relevant in relation to our interview study.

### Processing and Analysis Method

After conducting a thorough analysis of the existing theory, we identified five essential components that make up Brand Management; *Brand Identity/ Brand Image, Brand Awareness, Brand Communication, Consumer-Brand Relationships, and Brand Positioning.* Furthermore, after examining the literature review concerning AI, we identified fifteen AI applications found appropriate in the context of Brand Management. After analyzing these applications in parallel to the interview study and the Brand Management literature, some were considered less relevant for this paper and were thus excluded from the study. Examples of AI applications that we choose not to include were *Predictive Lead Scoring, Smart Bidding, Image Classification, and Voice Recognition.* After collecting both previous literature and conducting interviews we finally narrowed down to seven AI applications that we deemed relevant for the purpose of this article. This was evaluated from the interview findings, where consumers expressed their experiences and needs when in contact with brands and the company respondents expressed their perspectives regarding the applications.

After conducting the interview study, we once again reconsidered the collected literature review regarding both Brand Management and AI. Lastly, the AI applications were integrated into the Brand Management model as a result of our interpretation of the literature review and

interview findings, emphasizing how AI can contribute to the field of Brand Management. This model is presented in the discussion.

## INTERVIEW STUDY

Since qualitative research provides a richer and more in-depth understanding of people's reality, an explorative approach using semi-structured interviews was the ideal method for our purpose (Eriksson & Kovalainen, 2016).

### Data Collection

The interview study was conducted with both company and consumer respondents. Both perspectives were considered significant as this provided enhanced insights regarding the implementation of AI into Brand Management and the associated risks from different viewpoints. We found it interesting to investigate the intersection regarding experiences of AI between both companies and consumers.

After gathering a significant part of the literature review, we began preparing two interview guides. The interview guides were constructed to fit each of the two perspectives independently, whilst simultaneously maintaining overlapping themes. Common themes within all interviews regarded the importance of brands and Brand Management, customer experiences and interactions with brands, as well as attitudes regarding the implementation of AI. When interviewing consumers, we formed questions based on contextual examples that could be related to the respondents' actual experiences rather than hypothetical opinions. We asked open-ended and general questions to minimize bias, adapting the questions to the context of the interview. This gave the respondent the opportunity to answer more freely without restrictions, generating a more honest and genuine response (Bell et al., 2019).

Since this study is conducted by three authors, we chose to divide the work during the interviews as a way to ensure a seamless and comfortable interview for the respondents. One person had the

dominant role of conducting the interview, whilst the others had a more passive role, asking complementary questions and taking notes. This kind of interviewing style is common in qualitative research when there are several interviewers (Bell et al., 2019). Due to the situation of COVID-19, some interviews that originally were scheduled got canceled, which also explains why some of the interviews were conducted over the telephone rather than in person. Each interview took approximately one hour and was audio-recorded and later transcribed and analyzed.

### Sampling Strategy

When selecting respondents, we adopted a convenience sampling method based on availability and proximity (Bryman & Bell, 2011). The respondents were divided into two samples; company respondents shown in Table 1. and consumer respondents shown in Table 2. The first sample included a total of six B2C companies from different industries, with respondents holding key positions within marketing and/ or Brand Management. We chose to not focus on one industry as we aimed to gain a broad understanding of AI's potential within Brand Management. We also found it relevant to interview different industries to gain an accurate and deep understanding of companies' similarities and differences concerning Brand Management.

The consumer respondents were between the ages of 22 and 30 since this sample group was deemed relevant in relation to the study's purpose. Their purchasing power and demands are increasing, making most companies consider them significant when developing Brand Management strategies. The sample consisted of respondents with various occupations, enabling a greater variety of responses. After fifteen interviews had been conducted, we deemed to have reached theoretical saturation (Eriksson & Kovalainen, 2008). All interviews were conducted between February and March 2020.

*Table 1. Company Respondents*

Respondent's Title	Industry	Reference
Chief Customer Officer	Clothing industry	<i>Company 1</i>
Marketing Manager	Clothing industry	<i>Company 2</i>
Marketing Manager	Restaurant industry	<i>Company 3</i>
Communication Strategist	Transport and travel service industry	<i>Company 4</i>
Marketing Manager	Food industry	<i>Company 5</i>
Head of Marketing	Tourism and travel industry	<i>Company 6</i>

*Table 2. Consumer Respondents*

Gender	Age	Occupation	Reference
Female	25	Engineering student	<i>Consumer 1</i>
Female	22	Optician student	<i>Consumer 2</i>
Female	26	Retail store manager	<i>Consumer 3</i>
Female	24	Finance student	<i>Consumer 4</i>
Female	25	Business and retail student	<i>Consumer 5</i>
Male	25	Finance student	<i>Consumer 6</i>
Male	30	Project sales and engineer	<i>Consumer 7</i>
Male	24	Digital marketing specialist	<i>Consumer 8</i>
Male	23	B2B Salesman	<i>Consumer 9</i>

### Processing and Analysis Method

Transcription is an inevitable, crucial, as well as complex phase in qualitative studies that endure multiple risks (Kowal & O'Connell, 2014). Since transcription is in its nature selective, this step needs to be done carefully to minimize arbitrary bias. The interviews were transcribed directly after each interview to ensure that the interviews were freshly in mind during the process (Patel & Davidsson, 2011). This also allowed us to observe relevant themes that could enhance the following interviews, creating an on-going analysis method throughout the entire data collection process. We

were thus able to constantly reflect on interesting insights and patterns.

Once our data was transcribed, the findings were divided into different categories with the aim to identify relevant keywords and themes. This coding method is referred to as thematic analysis (Bell et al., 2019). To make the data more manageable and simplify the analysis process, we tried to interpret the data and identify patterns between the two perspectives. The themes used in the analysis were then considered according to our five components of Brand Management.

By reducing the amount of gathered information and linking the data with the literature review, we managed to facilitate the analysis process. The respondents' citations have been translated from Swedish to English. We have strived to maintain the original tone and vocabulary, however, some of the quotes have been slightly altered to simplify the ability to read the citation, by removing irrelevant and contextual words.

Prior to the interviews, we informed the respondents that the data collected would only be used for the study and its purpose, which is an important ethical aspect (Patel & Davidson, 2011). The respondents were also asked whether they wanted to be anonymous, which is another important ethical aspect (Bryman & Bell, 2017). Since some of the respondents desired to be anonymous, we took the decision to make all respondents anonymous.

## METHODOLOGICAL CRITICISMS

The difficulties of replicating a qualitative study are likely to affect the reliability of the study (Bell et al., 2019). Recreating identical conditions is complex, making the trustworthiness of qualitative research difficult to determine. Lincoln and Guba's (1985) criteria regarding trustworthiness within qualitative research were considered for this study, including credibility, dependability, conformability, and transferability. A high degree of credibility has been achieved in this methodology chapter through thorough descriptions of the studies' process and enabling the respondents to

ensure correct interpretations of their answers. Dependability was achieved through the open-ended questions and multiple respondents, providing thorough answers from both consumer and company perspectives. Conformability was achieved by carefully processing the data and obtaining multiple interviews with different perspectives. Because our data was not drawn from a random sample, one could argue that the results are not transferable and representative of the population (Bell et al., 2019). However, since the company respondents represented various industries, one could argue the transferability to be achieved to a certain extent, including results from various sectors. Furthermore, limitations regarding the transferability of this study cannot be transferred directly to a B2B context nor outside of Sweden. We do however argue that our study will fulfill its purpose and provide an in-depth understanding regarding the implementation of AI into Brand Management.

## LITERATURE REVIEW

In this section, we will present our interpretation of relevant aspects found in the literature review regarding how AI can contribute to the field of Brand Management and the associated risks.

### BRAND MANAGEMENT



Figure 1. Brand Management Model

Figure 1. illustrates our interpretation of the components that make up a Brand Management model



based on previous literature. Each of the five components are described below.

### **Brand Identity and Brand Image**

*Brand Identity* is the internal construct of what brand managers want the brand to be (Da Silveira et al., 2013), whilst *Brand Image* is how the brand is perceived by its consumers, including credibility, attitudes, and feelings towards the brand (Sääksjärvi & Samiee, 2011; Mokhtar et al., 2018). Consequently, one could argue that *Brand Identity* is a dynamic process originating from what the brand managers want the brand to be, and is further developed and influenced by the *Brand Image* and how the brand is perceived by its consumers (Sääksjärvi & Samiee, 2011; Da Silveira et al., 2013). Brands often serve as a reference point that helps consumers decide when navigating on the market (Da Silveira et al., 2013; Mokhtar et al., 2018). Within *Brand Identity*, it is important to develop and maintain a clear and consistent vision and a strong corporate culture (Kang, 2016), as it directly affects *Brand Image* (Sasmita, 2015). Therefore, espoused values, meaning the non-tangible organizational attributes such as the employees' norms and beliefs, are significant parts of both *Brand Identity* (Kornberger, 2010) and *Brand Image* (Kang, 2016).

Previous research discusses individuals' consumption behavior as an essential part of one's identity creation (Shaefer & Crane, 2005). Consumption behavior may also generate a sense of belonging within a certain social group and can therefore obtain a social value as well (Baudrillard, 1988). Therefore, while considering *Brand Identity*, it has become more common for brand managers to create associations connected to lifestyles and identity building, rather than promoting the functional features of their products (Shaefer & Crane, 2005; Peattie & Belz, 2010) to endure to the symbolic values that drive consumer behavior (Baudrillard, 1981).

### **Brand Awareness**

*Brand Awareness* has a positive influence on consumers' trust towards a brand as it assures a level

of credibility regarding the brand and its products (Sasmita, 2015; Tene & Polonetsky, 2014). Furthermore, *Brand Awareness* has shown to have a significant impact on consumers' decision making, playing a key role when choosing between products and brands on the market (Sasmita, 2015). Hutter et al. (2013) state that *Brand Awareness* is shown to influence consumers' associations to a brand, subsequently affecting the *Brand Image*. The same authors claim that consumers' awareness of a brand will generate either positive or negative feelings which ultimately affect their purchase intentions. Since awareness about a brand is generally obtained through marketing communication channels, one could claim *Brand Awareness* to be strongly correlated with communication efforts (Sasmita, 2015). Sasmita (2015) further states that effective marketing communication efforts help brands obtain a stronger *Brand Awareness*, influencing consumers perception and thereby minimizing the comparison and evaluation of other brands.

### **Brand Communication**

*Brand Communication* plays a key role in building and managing a brand and is the primary element of managing the relationship between the brand and its consumers (Azize et al., 2012). *Brand Communication* thereby plays a significant role as the intermediary between the consumer and the producer and has the ability to shape consumption behavior (Martin & Schouten, 2012; Chamberlin & Boks, 2018). *Brand Communication* includes traditional advertising aiming to increase awareness, build trust, and influence purchasing behavior (Azize et al., 2012). The interactive communication is also a part of *Brand Communication* and enables instant response and feedback, often used to influence existing customers and their purchasing behavior as well as increase customer satisfaction.

*Brand Communication* has been stated to endure engagement in long-term relationships between a brand and its consumers (Chang & Chieng, 2006). The same authors also state that to a large extent, successful *Consumer-Brand Relationships* can be

directly related to successful communication of brand meanings, enabling consumers to effectively and correctly comprehend the brand personality, associations, attitude, and image. Further, it is also important to incorporate transparency into one's *Brand Communication* (Martin & Schouten, 2012). Thus, keeping open dialogues with one's customers is an important part of building loyalty (Peattie & Belz, 2010; Martin & Schouten, 2012).

Jessen & Rodway (2010) claim that *Brand Communication* may generate positive emotions of recognition and desire for consumers' that are familiar with the brand. However, they further argue that *Brand Communication* might generate negative emotions if being perceived as disruptive and disturbing. Chih-Chung et al. (2012) argue that the awareness and attitude towards a brand are dependent on the frequency of their *Brand Communication* efforts. Increased frequency of advertisements will help a consumer remember it, however, being too frequent might result in consumers becoming annoyed and tired of the advertisement and the brand. Thus, according to both Jessen and Rodway (2010) and Chih-Chung et al. (2012), the right frequency, timing and predicted effect of *Brand Communication* is difficult to foresee.

### Consumer-Brand Relationships

Consumer's relationship with a brand can be understood as their interactivity and emotional connection to a brand, with the prerequisite of basic awareness and familiarity of the brand (Veloutsou, 2015). Consumers tend to become more easily attached to a brand that they have previously been in contact with (Mokhtar et al., 2018). Research by Veloutsou (2015) argues that *Consumer-Brand Relationships* act as a mediating link between trust, loyalty, and satisfaction. Loyalty and strong *Consumer-Brand Relationships* are often a result of customer satisfaction and trust and tend to make brands less sensitive to competitors (Giovanis & Athanasopoulou, 2018). This decreases the risk of consumers switching brands (Law, 2016). Furthermore, customer satisfaction is also part of what builds

strong *Consumer-Brand Relationships* (Veloutsou, 2015). Customer satisfaction, to a high degree, is positively affected by seamless digital experiences (Kumar et al., 2020), requiring simple, convenient, and easily accessible online features (West et al., 2018). This requires companies to develop an understanding of their customers' needs and problems in order to provide satisfactory solutions and seamless experiences (Kumar et al., 2020).

For most brands, customer service is essential in order to obtain and retain their target groups' trust (West et al., 2018), which, according to Veloutsou (2015), helps strengthen the *Consumer-Brand Relationships*. West et al. (2018) further claim that consumer's expectations of customer service are increasing regarding timeliness, accessibility, and proactiveness. Thus, sufficient customer service is no longer considered a differentiating attribute for successful brands, but rather a threshold that needs to exist to be competitive.

### Brand Positioning

*Brand Positioning* sets the direction of the brand by functioning as a guideline (Keller & Lehmann, 2006), and can assist with underlining the distinctive characteristics that differentiate the brand from its competitors (Da Silveira et al, 2013). Keller and Lehmann (2006) state that associations of a brand are closely linked to *Brand Positioning*, as it marks the place in the market in which the brand exists in the mind of the consumer. This regards the tangible product attributes such as the quality, but also the intangible attributes such as abstract aspects and actions of the brand. The actions may be connected to attitude, behavior, and investments which all need to be aligned with and enhance the *Brand Positioning* to ensure corporate credibility and enhance the value proposition (Kapferer, 2012; Keller & Lehmann 2006). Pricing strategies have also been argued to effectively help differentiate and position brands (Sajeesh, 2016).

## AI APPLICATIONS RELEVANT WITHIN BRAND MANAGEMENT

A significant challenge today is to sort and make sense of extensive amounts of data, let alone transform it into valuable consumer insights, leading brand managers to turn to AI for assistance (Kietzmann et al., 2018). AI offers the opportunity for businesses to increase revenues and decrease costs through improved marketing decisions and the automation of more simple marketing activities (Davenport et al., 2019). However, the implementation of AI also induces challenges and risks that need to be recognized by companies (Miklosik et al., 2019). There are multiple applications of AI that can assist with strategic planning, optimizing performance, optimizing communication efforts on different media, as well as offering consumers a personalized experience of the brand (Deb et al., 2018).

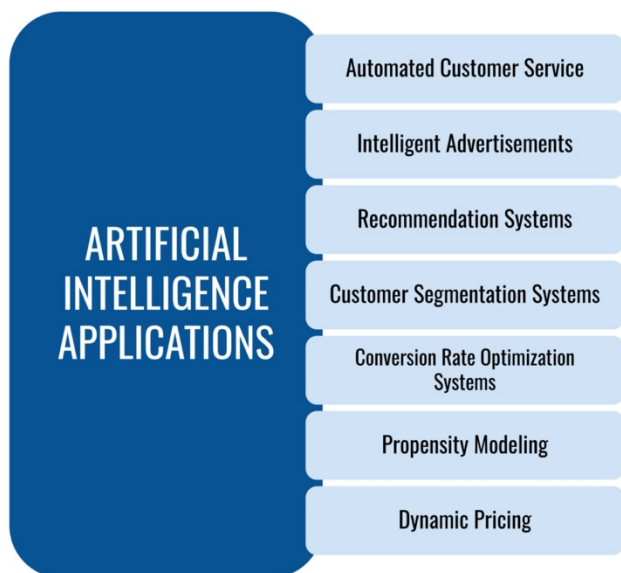


Figure 2. Artificial Intelligence Applications

Figure 2. illustrates seven AI applications that were considered relevant for this article, based on previous literature and the interview findings.

### Automated Customer Service

It has been claimed that customer service is a key component within companies, and that its quality is critical in terms of customer satisfaction and loyalty (Følstad et al., 2018). West et al. (2018) argues that sufficient customer service is expected by customers, rather than something that is seen as a competitive advantage. Thus, companies who do not invest in their customer service

risk being perceived as a brand who does not invest in their customers' experience and satisfaction.

Nordheim et al. 2019 emphasize that with the advances of AI, the tasks within customer service that previously required human personnel are now becoming automated as a way to increase efficiency, save costs as well as enhance the customer experience. *Automated Customer Service* can automate responses and provide customers with the requested information as well as respond to customer inquiries quickly and in real-time. The authors further state that many companies are using AI-powered chatbots which are computer programs that interact and communicate with users. Using *Automated Customer Service* creates new opportunities for brands to satisfy and fulfill customer needs, assuring personalized service anytime and anywhere (Chung et al., 2018). Chung et al. (2018) also claim that for customers to respond positively to *Automated Customer Service*, it requires human-like parameters of accuracy, credibility, and competence in relation to one's needs.

Carter and Knol (2019) argue that there is a risk with implementing *Automated Customer Service* as the technology is still in development. According to Kucherbaev et al. (2018), current algorithms have been considered to perform poorly and are said to be ineffective within several scenarios. They claim that chatbots hold limitations when interpreting and clarifying complex requests where information is missing or is vague. Chatbots can also hold limitations regarding the presentation of answers and information. Davenport et al. (2019) claim that many consumers find it uncomfortable and irritable to interact with an *Automated Customer Service*. This is because it may trigger negative consequences that would not occur if being in contact with a human, such as making a question unnecessarily complex. Accordingly, Carter and Knol (2019) claim that if the AI technology fails to meet the expectations of customers, it may result in poor customer satisfaction, which in turn could negatively affect *Brand Image*. However, the same

authors also state that *Automated Customer Service* has the ability to enhance consumers' perception, as the implementation could give the company a high-tech image and improve its brand reputation. This is aligned with Chung et al. (2018) who argue that though *Automated Customer Service* is not able to fully communicate with a customer to the extent of a human, it may still contribute to enhanced customer satisfaction and shopping experience.

### Intelligent Advertisements

AI provides possibilities for improving *Brand Communication* and *Brand Awareness* through the use of *Intelligent Advertisements* (Li, 2019). Li (2019) says that *Intelligent Advertisements* use AI technologies to, in real-time, predict consumers' behavioral patterns, interests, advertisement preferences, and specific touchpoints, enabling the ability to deliver personalized and relevant content. The author claims that *Intelligent Advertisements* gather data about consumers which allows optimization of *Brand Communication*. This results in improved and more relevant messages, which in turn contributes to stronger *Consumer-Brand Relationships*. However, Bleier & Eisenbeiss (2015) argue that although this type of personalized communication may help make an advertisement more appealing, it may also generate a conception of depriving consumers of their privacy if considered too close to their own preference. Their research shows that the stronger *Consumer-Brand Relationships*, *Brand Awareness* and trust towards a brand, the higher tendency to accept personalized content. Thus, in order to optimize the use of *Intelligent Advertisements*, brand managers need to adapt their strategy accordingly.

*Intelligent Advertisements* are also able to evaluate the impact of the *Brand Communication* by collecting data regarding the audience's response (Li, 2019). With *Intelligent Advertisements* there lies an opportunity to evaluate which *Brand Communication* efforts are most effective, in real-time (Li, 2019; Carah & Angus, 2018). However, there are also risks associated with the use of *Intelligent Advertisements* (Li, 2019). Li (2019) claims that

when creating brand messages and advertising campaigns there is a creation-process based on soft metrics and qualitative elements such as human creativity, empathy, and intervention. These elements can be difficult for AI technologies to measure. Accordingly, Li (2019) claims that there lies a challenge in knowing which variables to use for real-time optimization and how to best measure the effects of *Intelligent Advertisements* within Brand Management. However, though an algorithm lacks the ability to fully comprehend the meaning nor the value of a *Brand Communication* effort, it can predict and evaluate the actual response according to specific parameters (Carah & Angus, 2018).

### Recommendation Systems

AI can help generate insightful information for brand managers regarding what to recommend their consumers by using data regarding consumers' search information, interests, and preferences (Kietzmann et al., 2018; Ali et al., 2016). With this technique, Kietzmann et al. (2018) claim AI systems to provide customers with relevant and personalized recommendations, helping consumers find more suitable products and services that are likely to generate satisfaction. According to Portugal et al. (2018), *Recommendation Systems* can be utilized to optimize filtered search results, recommend additional products in an online store, or through communication efforts in social media platforms. Further, the provided recommendations can also be influenced by external factors such as the current season, time of the day, or public holidays.

West et al. (2018) argue that a brand's ability to implement *Recommendation Systems* will positively affect *Consumer-Brand Relationships*. The demand for personalization has accelerated (Saville, 2016) which is another indicator of the importance of building personal relationships with ones' consumers. *Recommendation Systems* are therefore relevant as it facilitates consumers' growing demand for personalization within one's *Brand Communication* (West et al., 2018). *Recommendation Systems* could also be part of enhancing the digital experience. By providing

personalized recommendations, brands are able to enhance the convenience and seamlessness for the consumers by reducing search costs (Ali et al., 2016; Quentin et al., 2018). The possibility for personalization to increase customer satisfaction is immense as AI enables brands to go beyond the current efforts for personalizing offerings without the constraints of handling large data volumes (Kumar et al., 2019).

A risk with *Recommendation Systems* is the difficulty to predict how customer preferences and consumer behavior will change, since algorithms use consumers' past and present actions to create insights (Davenport et al., 2019). Quentin et al., (2018) argue that algorithms only predict consumers' current taste and personality, whilst neglecting how personality and preferences can change over a lifetime. Hence, this could make it more difficult to move forward with one's brand and product development, resulting in a lagging brand (Davenport et al., 2019). This could also lead a brand's positioning strategy in the wrong direction (Davenport et al., 2019). Additionally, Quentin et al., (2018) indicate that consumers' past behavior and preferences are not necessarily coherent with their aspirational preferences and the ideal representation of oneself. In this sense, they mean that *Recommendation Systems* may negatively impact consumers' independence by disregarding their freedom of choice, which can be considered ethically incorrect.

### Customer Segmentation Systems

Customer Segmentation is essential when analyzing customer behavior and setting up Brand Management strategies (Chen et al., 2018). Segmentation is often considered a central part of a branding strategy and is said to be an important part of *Brand Positioning* and differentiating one's brand on the market (Hassan & Craft, 2012). The digital era has made it possible to obtain a more detailed level of information based on customers' online behavior, providing brand managers with new possibilities within identifying customer segments (Doyle, 2016). *Customer Segmentation Systems* that use AI algorithms can help identify patterns and natural groupings of

customers within extensive data sets (Tsipstis & Chorianopoulos, 2011). Companies can thus discover groups with distinct profiles, providing richer segmentation. This enables brands to more easily target the right customer with relevant *Brand Communication*, increasing *Brand Awareness* among the appropriate segment (Witschel et al., 2015; Doyle, 2016). *Customer Segmentation Systems* can allow brands to differentiate themselves according to the right audience (Hassan & Craft, 2012; Witschel et al., 2015). Kietzmann et al. (2018) argue that through *Customer Segmentation Systems*, AI has made it possible to make more accurate predictions about the purchasing intent of a customer, meaning the likeliness of a consumer to make a purchase by analyzing trends and patterns. This enables brands to create efficient communication efforts and advertisements within various media channels depending on the purchasing intent of the customer.

### Conversion Rate Optimization Systems

It has been stated that for businesses, it is essential to convert users from solely browsing a website, to actually taking the desired action, such as making a purchase or submitting a registration (Miikkulainen et al., 2018). The same article states that with the advances of AI, *Conversion Rate Optimization Systems* can efficiently test and evaluate a large number of website designs in real-time. Accordingly, brands can evaluate which version provides a seamless solution for their consumers and thereby optimize the conversion rate of their website. By creating a better online experience, *Conversion Rate Optimization Systems* can increase customer satisfaction, which has shown to improve *Brand Image* and *Consumer-Brand Relationships* (Veloutsou, 2015; Carter & Knol, 2019).

Since the use of *Conversion Rate Optimization Systems* can help uncover what makes a consumer take the desired action on a website, Miikkulainen et al. (2018) argue that brands are thereby able to assure the efficiency of the website design. This is in line with West et al. (2018), claiming that AI's ability to produce insights from an extensive

amount of data can help enhance the consistency and delivery of the brand promises.

### Propensity Modeling

Within *Propensity Modeling*, AI can help identify the customer value to a company (Kietzmann et al., 2018). Kietzmann et al. (2018) state that by analyzing big data files, AI technology can measure and evaluate attributes such as a customer's lifetime value, re-engagement likelihood, and the propensity of churn. *Propensity Modelling* can specifically be used to help retain customers (Law, 2016) by identifying early signals of potential customer losses, which can help companies prevent it from occurring (Vafeiadis et al., 2015). This information can then be used by brands to focus on improving *Brand Communication* towards these individuals based on the predicted metrics and desired behavior of each customer (Kietzmann et al., 2018).

By gaining a more thorough understanding of the value of ones' target groups, brands can optimize their efforts to strengthen their *Consumer-Brand Relationships* (Kietzmann et al., 2018; Zheng et al., 2015). Previous research indicates that email-marketing is a method to retain strong *Consumer-Brand Relationships* as long as the content of the email is in the consumers' best interest as it reinforces the connection between the consumer and the brand (Dysart, 2017). By using *Propensity Modelling*, brands can target consumers' who may potentially leave with relevant email-marketing efforts. However, it has also been shown that if brands overdo email-marketing or send irrelevant content, there is a risk of jeopardizing long-term *Consumer-Brand Relationships* through irritation (Morrison, 2012).

### Dynamic Pricing

Among the variables deciding on whether a consumer chooses to purchase a product, price is often one of the key decision-making factors (Sajeesh, 2016). Further, Sajeesh (2016) argues that the price of a product can be an important part of a brand's *Brand Positioning* strategy. According to Kietzmann et al. (2018), one could

therefore use real-time price adjustments, known as *Dynamic Pricing*, to get consumers to finalize their purchase. Thus, AI makes it possible for brands to automatically adjust prices based on data regarding demand, consumer behavior, seasonality, and competitors, optimizing value for the customers. However, although *Dynamic Pricing* helps generate positive short-term outcomes of optimizing revenues (Kietzmann et al., 2018), it has been found that it can have a more long-term negative impact on the consumer's trust towards the brand (Garbarino & Lee, 2003). Hence, due to the growing concern of online privacy and perceived feeling of vulnerability among consumers, there is a growing importance for companies to maintain their trustworthiness, making the use of *Dynamic Pricing* somewhat questionable (Garbarino & Lee, 2003).

## GENERAL RISKS AND LIMITATIONS OF AI WITHIN BRAND MANAGEMENT

While algorithms, empowered by AI, are meant to improve and facilitate different tasks through automation, the use of AI algorithms may also entail great risks and problems (Yampolskiy, 2019). First and foremost, the fundamental feature of human creativity tends to be difficult for technology to imitate (Boden, 1998). Since many brand-related decisions tend to be based on creativity and the ability to connect with emotions, there is a significant limitation in completely replacing human capabilities with AI (Miklosik et al., 2019).

Additionally, espoused values, being a significant part within *Brand Identity* and thereby also *Brand Image*, are elements in which AI has no ability to directly replicate or imitate (Miklosik et al., 2019). If an AI would propose espoused values, both employees and other stakeholders could obtain a significant barrier to adopt them due to the general neglect of non-human tools attempting to understand human affection and emotions (Davenport et al., 2016). Thus, applying AI into one's Brand Management implies a risk of losing the

human connectedness and relatable identity with ones' consumers (Davenport et al., 2019).

Furthermore, there is a concern among consumers regarding ethical and moral dilemmas that may arise as a result of the rapid evolution of technologies (Tene & Polonetsky, 2014; Miklosik et al., 2019). For brands to use AI, they need to access information about customers and their behavior, implying privacy and safety considerations (Davenport et al., 2019). Tene and Polonetsky (2014) argue that companies may come off as intrusive and discomfoting if they gather data about customers which is not relevant for a specific purpose, negatively impacting *Consumer-Brand Relationships*. Further, they argue that customers have a tendency to trust brands that have higher *Brand Awareness* compared to brands with lower awareness. Therefore, unknown brands who collect personal data are likely to cause unease among customers. Consumers' perception of a brand also affects their attitude towards the use of data and the implementation of new innovative technologies. As a result, the authors claim that brands must carefully consider whether it is valuable for them to implement AI in consideration of their customers and their relationship with the brand.

Finally, there is a risk that ethical and moral considerations do not become integrated into algorithms, causing algorithm bias and other ongoing consequences (Yampolskiy, 2019; Tene & Polonetsky, 2014). Faulty algorithms have shown to cause financial losses and violation of laws (Shneiderman, 2016), which can be harmful to the brand and its reputation (Dell'Elce et al., 2020). There have been issues with AI where algorithms have been based on biased and unrepresentative data samples leading to unconscious racism and sexism (Yampolskiy, 2019; De Saint Laurent, 2018), which is harmful to both *Brand Image* and *Consumer-Brand Relationships* (Dell'Elce, et al., 2020). Another example of how faulty algorithms

cause negative consequences is incorrect insights of segmentation which can in turn create faulty positioning (Lloyd, 2018). Similarly, inaccurate data about consumer preferences and market trends might negatively affect content provided through AI, which in turn can generate annoyance and irritation (Davenport et al., 2019).

## RESULTS AND ANALYSIS OF THE INTERVIEW STUDY

The most significant findings of the interview study will be presented in a Table 3., as well as an analysis that integrates the interview findings with the relevant literature review.

### BRAND IDENTITY AND BRAND IMAGE

This section includes the interview findings connected to *Brand Identity* and *Brand Image*. Relevant theoretical statements that are aligned with the interview findings are also incorporated. The AI applications deemed beneficial to implement within are *Customer Segmentation Systems*, *Automated Customer Service* and *Conversion Rate Optimization Systems*.

#### Consumption of Brands is an Expression of Identity

When asking the consumer respondents to explain a brand they like, they generally provide descriptions of feelings, emotions, and associations linked to brands, rather than functional features. The consumers also communicate the importance of brands to reflect their identity and lifestyle. Additionally, a company respondent mentions the importance of consumers to have associations to the brand in which are aligned with the internally constructed *Brand Identity*, stating;

It is important to understand which brand associations customers have. This is challenging since you can be well known but for the completely wrong things... as a brand, you want to be associated with the right attributes (Company 6)

Table 3. Results of the Interview Study

THEMES	CONSUMER FINDINGS	COMPANY FINDINGS
<b>BRAND IDENTITY AND BRAND IMAGE</b>		
Consumption of brands is an expression of identity	<ul style="list-style-type: none"> <li>- Brands are associated with symbolic meanings rather than functional features</li> <li>- Important to understand ones' target groups in order to reflect desired identities</li> </ul>	<ul style="list-style-type: none"> <li>- Brands use AI to obtain insights about their consumers. This enables them to identify patterns regarding consumption behavior and what their targets group values</li> </ul>
Brands should balance consistency with development	<ul style="list-style-type: none"> <li>- Consumers value seamless experiences regardless of channel, including updated and well-functioned websites</li> <li>- An efficient and functioning <i>Automated Customer Service</i> benefits <i>Brand Image</i></li> </ul>	<ul style="list-style-type: none"> <li>- Brands need to attain technical and ethical advancement whilst still being authentic to their <i>Brand Identity</i></li> <li>- Long-term vision, clarity, and consistency is essential in Brand Management</li> <li>- Brands should only implement AI if it is consistent with their <i>Brand Identity</i></li> </ul>
Risk of losing <i>Brand Identity</i> and a consistent <i>Brand Image</i>	<ul style="list-style-type: none"> <li>- A strong brand was described to be easily distinguishable from others within the same category</li> <li>- The expectations for a brand to implement AI affects the <i>Brand Image</i></li> <li>- Brands may be seen as inauthentic when implementing AI if it is not aligned with their <i>Brand Identity</i></li> </ul>	<ul style="list-style-type: none"> <li>- Brands risk losing their uniqueness when implementing AI</li> <li>- AI cannot replace human's ability of creativity and understanding emotions</li> <li>- Increasing personalization leads to the risk of losing a consistent <i>Brand Identity and Brand Image</i></li> <li>- Due to personalization, the <i>Brand Image</i> may differ within the same target group</li> </ul>
<b>BRAND AWARENESS</b>		
<i>Brand Awareness</i> acts as a sign of credibility that helps consumers navigate among brands	<ul style="list-style-type: none"> <li>- <i>Brand Awareness</i> generates a feeling of comfort when choosing between brands</li> <li>- <i>Intelligent Advertisements</i> and <i>Recommendation Systems</i> increase <i>Brand Awareness</i> which assist consumers' in their decision-making</li> <li>- Communication efforts are seen as more trustworthy if there is a strong <i>Brand Awareness</i></li> </ul>	<ul style="list-style-type: none"> <li>- <i>Brand Awareness</i> is the foundation of a strong and trustworthy brand</li> </ul>
Strong <i>Brand Awareness</i> can be misleading	<ul style="list-style-type: none"> <li>- <i>Brand Awareness</i> influences behavior which implies a risk if consumers' associations of a brand are incorrect</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Brand Awareness</i> does not necessarily need to be positive if the brand is recognized by inaccurate associations</li> <li>- It is necessary to obtain strong <i>Brand Awareness</i> in the appropriate segment, indicating the importance to invest in <i>Customer Segmentation Systems</i></li> </ul>
<b>BRAND COMMUNICATION</b>		
Brands need to be observant and strategic in their <i>Brand Communication</i>	<ul style="list-style-type: none"> <li>- The frequency, timing and relevance of <i>Brand Communication</i> affect consumers' attitudes</li> <li>- Consumers become reminded of the brand through efficient <i>Brand Communication</i></li> <li>- <i>Brand Communication</i> should be in the interest of the consumer to not be perceived as deceptive</li> </ul>	<ul style="list-style-type: none"> <li>- Brands can improve their <i>Brand Communication</i> in real-time by gathering data about their consumers with the use of AI applications</li> </ul>
<i>Brand Communication</i> is directly influenced by <i>Consumer-Brand Relationships</i> and <i>Brand Awareness</i>	<ul style="list-style-type: none"> <li>- Attitude towards personalized recommendations is affected by the established perception of the brand</li> <li>- Recommendations and personalized content from unknown brands cause discomfort</li> <li>- Email-marketing can be perceived as relationship building</li> </ul>	<ul style="list-style-type: none"> <li>- Brands needs to stay coherent with the relationship to their consumers and adapt the communication accordingly</li> </ul>
Customer Service is an essential form of <i>Brand Communication</i>	<ul style="list-style-type: none"> <li>- Customer service is valued as a form of direct contact with the brand</li> <li>- <i>Automated Customer Service</i> creates a positive perception of the brand if it simplifies the experience</li> </ul>	<ul style="list-style-type: none"> <li>- <i>Automated Customer Service</i> enables efficiency and availability for simple tasks</li> <li>- Customer service enables brands to communicate directly with their target groups, leading them to understand their consumers' more</li> <li>- <i>Automated Customer Service</i> cannot completely replace the value of human interaction in traditional customer service</li> </ul>



CONSUMER-BRAND RELATIONSHIPS		
Brands need to understand their customers in order to build stronger relationships	<ul style="list-style-type: none"> <li>- Consumers tend to choose and trust brands that they have a relationship with</li> <li>- Consumers perceive brand experiences as more satisfactory when brands understand their personal needs</li> <li>- Building <i>Consumer-Brand Relationships</i> is important to retain consumers</li> </ul>	<ul style="list-style-type: none"> <li>- Brands are able to provide satisfactory experiences when thoroughly understanding their customers</li> <li>- AI assists brands to understand which <i>Consumer-Brand Relationships</i> they need to invest in</li> </ul>
Seamless experiences improve customer satisfaction	<ul style="list-style-type: none"> <li>- User simplicity throughout all platforms positively influences consumers' relationship to the brand</li> </ul>	<ul style="list-style-type: none"> <li>- A seamless and efficient website positively influences consumers purchase intention</li> <li>- <i>Recommendation Systems</i> tend to simplify the customer experience</li> <li>- Personalization can enhance the customer experience if conducted in a comfortable way</li> <li>- Implementing AI to less value-creating activities allows brands to concentrate on enhancing the customer experience</li> </ul>
Relationships to brands affect the perception of data collection	<ul style="list-style-type: none"> <li>- Although the perception of data collection varies, it tends to be more accepted if strong <i>Consumer-Brand Relationships</i> exists</li> <li>- Consumers appreciate <i>Recommendation Systems</i> as a result of data collection if it enhances their experience</li> </ul>	<ul style="list-style-type: none"> <li>- Data collection is accepted or even expected in cases where a brand has strong <i>Consumer-Brand Relationships</i> with their customers</li> </ul>
Faulty AI usage negatively influences <i>Consumer-Brand Relationships</i>	<ul style="list-style-type: none"> <li>- Faulty used data causes irritation and negatively impacts consumers trust</li> <li>- Neglecting ethical considerations leads to decreased trust</li> </ul>	<ul style="list-style-type: none"> <li>- Faulty usage of AI can cause a chain of negative consequences for the brand</li> <li>- With too much technical focus, brands risk to forget that consumers' decisions are often based on emotions</li> </ul>
BRAND POSITIONING		
Perception and positioning of brands are influenced by technological investments	<ul style="list-style-type: none"> <li>- Consumers obtain positive attitudes towards brands who invest in AI as they become perceived as up-to-date</li> <li>- Brands should not invest in AI just to be up-to-date, it needs to be of relevant value for the brand and consumers' needs</li> </ul>	<ul style="list-style-type: none"> <li>- The ability to give examples of how a brand uses AI has a positive impact on <i>Brand Positioning</i></li> </ul>
Importance to identify market opportunities in real-time by strategic pricing and targeting	<ul style="list-style-type: none"> <li>- Pricing is essential within consumption decisions, making <i>Dynamic Pricing</i> effective in influencing behavior</li> </ul>	<ul style="list-style-type: none"> <li>- Risk of neglecting certain customer segments by solely relying on AI</li> <li>- <i>Dynamic Pricing</i> helps brands adapt in real-time to the current demand and situation on the market, achieving a more accurate <i>Brand Positioning</i></li> </ul>

Accordingly, there lies a significance to understand what your consumers want to be associated with, how your target segment views the brand, and whether or not those two are aligned.

It is clear that these interview arguments are aligned with the literature review which highlight why people tend to consume certain brands (Shefer & Crane, 2005; Baudrillard, 1981). It is vital to fully understand one's target group (Kumar et al., 2020), which can be achieved through the use of AI. *Customer Segmentation Systems* can identify patterns and create useful insights regarding consumer behavior and preferences, generating deeper insights regarding the target group (Tsiptsis & Chorianopoulos, 2011).

### Brands Should Balance Consistency with Development

The interview findings show that brands will continue to be exposed to increased demands regarding their strategic direction and technological development. However, it is also evident in the interviews that consumers simultaneously continue to demand authentic brands that stay consistent to the *Brand Identity*.

Long-term vision, clarity, and consistency will become even more important in the future of Brand Management, as well as leading the development both technically and ethically (Company 5)

The interview findings from both the consumer and company respondents therefore highlight the complexity, yet importance, of integrating

technological development into Brand Management in a way that is aligned with the *Brand Identity* and *Brand Image*.

The consumer respondents also express their need for a seamless experience, regardless of the touchpoint. This includes an efficient and well-functioned website where the brand integrates updated technology. Additionally, technological advancement regarding customer service is another theme found in the interviews. Most consumer respondents agree that if *Automated Customer Service* is unable to provide satisfactory solutions, it has a negative effect on their perception of the brand. The respondents state that *Automated Customer Service* can improve their attitude towards the brand if it is able to satisfy and fulfill their needs. Accordingly, brands need to balance the advantages and disadvantages of *Automated Customer Service* before choosing to implement it, ensuring that the technology is adequate enough to ensure a sufficient experience. Several consumer respondents mention that the implementation of AI can also enhance the *Brand Image* as it is an indication of the company's innovation and relevancy.

Using AI shows that they have invested in my online experience. I like websites that stay up-to-date ... having a chatbot proves that they're part of the technological development, which gives me a positive image of the brand (Consumer 1)

The interview findings support the literature review which argues that the technological changes have influenced consumers to acquire higher expectations regarding seamless and authentic experiences throughout all touchpoints (Veloutsou and Guzmán, 2017). One can also see that there is a need for *Conversion Rate Optimization Systems* as it can help brands assure the efficiency of the website design and keep the consistency within all elements of the brand (West et al, 2018; Miikkulainen et al., 2018). Finally, the literature review states that *Automated Customer Service* has the ability to either weaken or enhance the *Brand Image*, depending on the satisfaction of the

customer (Carter & Knol, 2019), confirming the interview findings.

### Risk of losing Brand Identity and a Consistent Brand Image

In both the consumer and company interviews, a strong brand was generally described as well-known and unique, making it distinguishable from other products within the same category. Further, several company respondents mention the significance of the associations connected with the brand, stating:

A strong brand is often something that the target group identifies with and that consumers have strong associations to (Company 5)

However, one of the company respondents mentions that there is a risk that brands lose their personal identity and uniqueness when implementing AI, due to the loss of human creativity. Accordingly, several of the company respondents emphasize that brands risk losing the human touch when implementing AI to a too high extent.

Furthermore, the company respondents emphasize the difficulty to retain one's authentic *Brand Identity* as a result of the technological advancements, increased use of algorithms, and consumers' demand for personalization, stating:

A negative aspect of allowing algorithms and programs to control everything is that companies lose their personality (Company 1)

The consumer respondents also communicate that their perception of brands who implement AI depends on their expectations of the brand. If the use of AI is perceived as inauthentic to the *Brand Identity*, it has a negative impact on *Brand Image*. One consumer respondent gives the example of their favorite shoe brand, to which they find the interaction with the personnel to be an important part of the brand experience. The respondent went on to explain that if the brand implemented technological elements such as *Automated Customer Service*, that *Brand Image*, due to their expectations, would be significantly negatively affected.

Furthermore, since strong brands are described as unique and easily differentiable in the market, one could also consider the risk of all brands implementing AI to the extent where they no longer obtain a unique identity. There is therefore also a risk of losing a consistent *Brand Identity* when brands personalize experiences to a too high extent.

I think that personalization becomes more and more important, but the risk is that you personalize to the extent that what a brand means to me will be completely different from what a brand means to you (Company 4)

The interview study is aligned with theory by Boden (1998) and Miklosik et al. (2019) suggesting that AI has and will have difficulties imitating creativity and affection. As a result, AI imposes a significant limitation in the process of creating meanings that are easily identifiable on an affective level. This is problematic since consumer behavior is driven by emotions (Miklosik et al., 2019). Additionally, within Brand Management, espoused values are a significant part in building brands in which humans, in contrast to AI, have a better comprehension of (Kornberger, 2010). Thus, applying AI into Brand Management to a large extent implies a risk of losing human connectedness (Davenport et al., 2019), confirming the interview findings.

Furthermore, previous literature shows the importance of consistency regarding *Brand Identity* (Louro & Cunha, 2001; Kang, 2016). Therefore, implementing AI in a way that is not aligned with the authentic *Brand Identity* may lead to the risk of losing credibility through inconsistency (Sääksjärvi & Samiee, 2011). Thus, the implementation of AI needs to be authentic and genuine to the current *Brand Identity* in order to ensure credibility among one's consumers. Finally, West et al. (2018) argue that AI's ability to generate insights from extensive amounts of data simplifies and enables the consistency and delivery of brand promises. However, one could claim that for this to be possible, AI needs to be implemented in a way that is aligned with the *Brand Identity*.

## BRAND AWARENESS

This section includes the interview arguments related to *Brand Awareness*, connected to the relevant parts of the literature review. The AI applications considered beneficial to implement are *Intelligent Advertisements*, *Recommendation Systems*, and *Customer Segmentation Systems*.

### Brand Awareness Acts as a Sign of Credibility That Helps Consumers Navigate Among Brands

The interview findings show that awareness is an important factor for consumer respondents as this generates a feeling of comfort when making decisions. Due to the immense number of brands and products that consumers become bombarded with, *Brand Awareness* seems to act as navigation when choosing among brands.

I would rather choose a brand that I know of than a brand that I do not know ... I'd rather be safe than sorry (Consumer 5)

The consumer interviews further emphasize that the level of *Brand Awareness* affects consumers' attitudes towards *Brand Communication*. Several consumer respondents mention that communication efforts are often seen as more trustworthy if there is a strong *Brand Awareness*. Hence, if there is low *Brand Awareness*, they tend to have less trust in the brand and pay less attention to advertising campaigns. Furthermore, the consumer respondents are in agreement with one of the company respondents, who argues that a strong and trustworthy brand cannot exist without *Brand Awareness*, stating;

The basis of a strong brand is some level of Brand Awareness. Customers need to know that you exist. If you are not known, you have nothing. However, you can always discuss how well-known you have to be and for whom (Company 6)

The interview findings are aligned with previous literature by Sasmita (2015) and Tene and Polonetsky (2014), stating that *Brand Awareness* plays a significant role in influencing consumer behavior when choosing among brands and affects consumers' overall attitude towards the

brand. The interview arguments are also consistent with Sasmita (2015), suggesting that *Brand Awareness* has an effect on the credibility of the brand.

Subsequently, *Intelligent Advertisements* and *Recommendation Systems* can be used to increase *Brand Awareness* among the appropriate target group. This enables brands to provide relevant content and personalized recommendations, whilst simultaneously ensuring the credibility and positive attitudes towards the brand (Li, 2019; Carah & Angus, 2018; Sasmita, 2015; Azize et al., 2012; Kietzmann et al., 2018).

### **Strong Brand Awareness can be Misleading**

As observed in both consumer and company interviews, strong *Brand Awareness* can also imply risks. One of the company respondents mentions that if the brand is associated with the wrong attributes, *Brand Awareness* is not necessarily positive.

As a brand, it is not good if you are well-known but for the wrong things. You want to be known for the right associations by the right people, that is surely the definition of a strong brand (Company 6)

This company respondent emphasizes the importance to invest in customer segmentation in order to increase *Brand Awareness* among the correct segment. The consumer respondents further highlight how the attributes, to which a brand is known for, influences their likeliness of choosing the brand. If a brand is associated with negativity, the consumer most likely will not choose the brand. This highlights the importance for *Brand Awareness* to be an accurate representation of the brand, as it otherwise risks to negatively affect consumer behavior.

The interview arguments support the theory by Hutter et al. (2013), suggesting that *Brand Awareness* influences consumers' perception of the brand. The authors argue that if the brand is known for the wrong attributes, consumers are likely to develop negative feelings towards the brand and thus, negatively influence their

perception of the brand. *Intelligent Advertisements* and *Recommendation Systems* can assist with increasing *Brand Awareness* by creating relevant associations to the appropriate target group, decreasing the risk of negative and incorrect perceptions of the brand (Li, 2019; Carah & Angus, 2018; Kietzmann et al., 2018). This is also true within segmentation, where obtaining *Brand Awareness* among the appropriate audience is crucial, indicating the value of using AI within *Customer Segmentation Systems* (Witschel et al., 2015; Doyle, 2016).

## **BRAND COMMUNICATION**

This section identifies the interview findings and the relevant theoretical arguments related to *Brand Communication*. *Intelligent Advertisements*, *Customer Segmentation Systems*, *Recommendation Systems*, *Propensity Modeling*, and *Automated Customer Service* are recognized as valuable AI applications within *Brand Communication*.

### **Brands Need to be Observant and Strategic in Their Brand Communication**

Most consumer respondents find the frequency of *Brand Communication* to affect their attitude towards brands. Too often or at the wrong time make the consumers irritable, whilst a balanced amount of *Brand Communication* shows to increase the likelihood of them purchasing a product.

If I don't get reminded of a brand, I tend to forget about them pretty fast. They need to be frequent in their marketing but also provide content that is relevant to me (Consumer 2)

A company respondent stresses that if consumers receive the same advertisement too many times, they are likely to develop negative feelings towards the brands. Thus, this highlights the importance of understanding how brands can achieve efficient *Brand Communication*. The company respondent also explains how they use AI applications on their digital channels to understand their consumers to a greater extent in order to improve their *Brand Communication*.

AI applications allows us to conduct ongoing market research, receive direct feedback and insights in real-time, enabling us to constantly improve our communication (Company 3)

The interview findings are aligned with previous literature within *Brand Communication*, stating that the right timing and frequency is crucial in how the advertisement becomes perceived (Jessen & Rodway, 2010; Chih-Chung et al., 2012). Accordingly, this also implies the need for *Intelligent Advertisements*, through which brands can optimize their *Brand Communication* in real-time with relevant content (Li, 2019).

This interview findings also support Azize et al. (2012) who argue that nowadays, *Brand Communication* is a form of interactive communication that enables instant response and feedback from customers. Accordingly, there are new possibilities within customer segmentation as brands are able to obtain more detailed information based on customers' online behavior (Doyle, 2016). This further supports the implementation of a combination of *Customer Segmentation Systems* and *Intelligent Advertisements* which enable brands to produce relevant offerings to the right customers in real-time (Witschel et al., 2015; Doyle, 2016).

### **Brand Communication is Directly Influenced by the Consumer-Brand Relationship and Brand Awareness**

Consumer's familiarity and relationships with brands also show to directly impact their attitudes towards *Brand Communication*. Many consumer respondents find that unfamiliar brands who bombard with campaigns negatively impact their attitude, leading to a feeling of discomfort and disliking. On the other hand, consumers perceive personalized recommendations from brands they are familiar with as relationship-building as this shows that brands personally acknowledge the individual. One consumer respondent specifically mentions email-marketing, as a form of *Brand Communication*, to have a positive effect, stating;

I feel more appreciated as a consumer when I receive personalized marketing in an email

or in the mailbox compared to mass marketing (Consumer 6)

A company respondent also mentions the importance of considering one's customers in the sense of previous experiences and relationships with the brand. Thus, they need to stay coherent and strategically adapt the communication according to their relationship with the individual.

The interview findings support that the implementation of *Recommendation Systems* within *Brand Communication* can assist in building a bond between the consumer and the brand by providing customers with relevant content (Kietzmann et al., 2018). The interview findings are also aligned with Morrison (2012), who states that email-marketing can be relationship-building. However, she also argues that *Brand Communication* is negatively affected when brands overdo email-marketing or send irrelevant content, as it risks causing irritation. Additionally, both the interview study and literature review also support the value of implementing *Propensity Modeling* by helping brands retain important customers by targeting them with relevant *Brand Communication*.

### **Customer Service is an Essential Form of Brand Communication**

The consumer respondents have different opinions regarding the importance of customer service as a part of *Brand Communication*. Some of the respondents find it to be of highest importance when deciding between brands whilst others are indifferent. A common theme is that if the customer service experience is poor, they are more likely to speak badly about the brand and have a negative attitude towards the brand.

*Automated Customer Service* is considered positive if it increases efficiency and leads to an appropriate solution. However, if not, *Automated Customer Service* shows to influence consumers' attitudes negatively. The consumer respondents agree that with more complex questions, they prefer to communicate directly with a human, rather than attempt to solve the problem through the use

of an automated version. Overall, they agree that efficient and well-functioned customer service is a positive element to have and that *Automated Customer Service* can act as a complementary feature to traditional customer service rather than a replacement.

When brands have a functioning and efficient chatbot, it gives the impression of the company being modern and professional, which gives me a more positive image of the brand (Consumer 7)

Company respondents agree with the notion that it can, to an extent, be positive to invest in *Automated Customer Service*. The AI application offers quick answers regardless of the time of the day and indicates a brand to be up-to-date with new technology. However, the company interviews also highlight the value of gaining a better understanding of their consumers through direct interactions. Whilst *Automated Customer Service* provides efficiency and accessibility, it hinders the ability for brands to obtain human contact with their consumers, which is considered a disadvantage according to the company interviews. Therefore, the consumer and company respondents agree that *Automated Customer Service* cannot completely replace traditional customer service, stating:

In many cases, customers call our service center and want to hear our personal opinions regarding their choices. In these situations, Automated Customer Service is unable to replace the human contact that traditional customer services offer (Company 6)

These findings are aligned with the literature review stating that *Automated Customer Service* cannot completely replace the value of traditional customer service (Davenport et al., 2019). However, as previous literature also mentions, *Automated Customer Service* has the potential to create an enhanced customer experience and greater customer satisfaction through its efficiency and accessibility (Følstad et al., 2018). This is aligned with Chung et al. (2018) who also believe that high-quality customer service generates opportunities for brands to satisfy

and fulfill customer needs. The interview findings and the literature review show the importance of investing in customer service within *Brand Communication*, however, if implemented insufficiently, *Automated Customer Service* can lead to negative impacts on consumers' overall experience (Kucherbaev et al., 2018; Davenport et al., 2019).

## CONSUMER-BRAND RELATIONSHIPS

This section includes the interview findings and an analysis of the literature review related to *Consumer-Brand Relationships*. The AI applications considered relevant to implement are *Propensity Modeling*, *Conversion Rate Optimization Systems*, *Automated Customer Service*, *Recommendation Systems*, and *Customer Segmentation Systems*.

### Brands Need to Understand Their Customers in Order to Build Stronger Relationships

It is evident in both the consumer and company interviews that brand loyalty has decreased in today's market. Several of the consumer respondents express that they tend to choose brands with whom they have an established relationship with, stating:

Brands must maintain personal relationships with their customers since it is much easier to switch brands today (Consumer 2)

Both consumer and company respondents emphasize the importance for brands to thoroughly understand their customers in order to deliver a satisfactory brand experience. The consumer respondents further argue that a brand that is observant and considerate is also more likely to form a positive bond with its customer. The interview findings show that building *Consumer-Brand Relationships* is therefore important in order to retain consumers in the future. One of the company respondents argue that AI could enable them to gain further insights regarding which *Consumer-Brand Relationships* they need to invest in.

The interview arguments are aligned with the lit-

erature review which states that a more thorough understanding of customers will allow brands to strengthen their *Consumer-Brand Relationships* (Kietzmann et al., 2018; Zheng et al., 2015). Accordingly, the interview findings further support the implementation of *Propensity Modeling* through which brands are able to easier identify which consumers they need to invest in (Kietzmann et al., 2018).

### Seamless Experiences Improve Customer Satisfaction

The consumer respondents communicate the importance for brands to have well-designed websites that simplify the navigation and the purchasing process. Thus, having a well-functioning website tends to improve customer satisfaction and contribute to stronger *Consumer-Brand Relationships*. A company respondent mentions that by changing the layout of their website, they increased bookings online, implying that the consumers became more satisfied with their experience after the brand optimized their website. Furthermore, both consumer and company respondents agree that it is of the highest importance to offer a seamless and efficient experience through various platforms, as this also strengthens *Consumer-Brand Relationships*.

Consumer respondents mention that an efficient customer service is also a part of creating a seamless experience. The company respondents highlight that *Recommendation Systems* can act as a part of customer service as it simplifies the purchasing process for the consumer, stating;

Our recommendation systems function as part of our customer service. Since you can complement your purchase with 10,000 addons, it is impossible for our customers to find them manually. Therefore, the recommendations simplify the customers' purchasing experience (Company 6)

Another aspect mentioned by a company respondent is the possibility to create highly personalized customer experiences through the use of gathered personal data. For example, in the service sector there lies an immense potential to offer suggestions of relevant offers and services

in real-time, based on the data collected about the individuals' preferences. However, the company respondent also mentions the risk of using the data in a way that is too personal, which may generate an unsettling feeling or even a violation of their privacy. Thus, as a brand, it is important to thoroughly evaluate the right balance of offering personalized experiences that does not compromise the privacy of the individual.

Furthermore, another aspect mentioned in the interviews is the ability for brands who implement AI to be more efficient by instead focusing on enhancing customer experiences rather than handling data. Through the use of AI in less value-creating activities, brands can instead concentrate on more value-creating activities such as building stronger *Consumer-Brand Relationships*.

If we can let our employees focus on taking care of the customer instead of managing data, it will lead to a better customer experience. This is because it would allow us to focus on what people are truly good at, taking care of other people (Company 4)

The interview findings are aligned with research by Veloutsou (2015), arguing that consumers' experiences and satisfaction is a significant part of building strong *Consumer-Brand Relationships*. Since customer satisfaction is positively affected by a seamless digital experience, brands need to provide satisfactory solutions and seamless experiences regardless of touch points (Kumar et al., 2020). This implies an area in which *Conversion Rate Optimization Systems* and *Automated Customer Service* can be of assistance. *Conversion Rate Optimization Systems* enable companies to test and evaluate a large number of website designs in real-time (Miikkulainen et al., 2018). Furthermore, *Automated Customer Service* enables a higher availability and a more efficient service process, also contributing to increased customer satisfaction (West et al., 2018). The interview findings also support the implementation of *Recommendations Systems* as it provides customers with real-time recommendations which

simplify and enhance the online experience and overall satisfaction (Kietzmann et al., 2018).

### Consumer-Brand Relationships Affect the Perception of Data Collection

There was a split in the consumer respondents' opinion regarding data gathering, as some of the respondents are indifferent to brands collecting data about them whilst others find it unsettling. A consumer respondent argues;

Since I grew up with the digital era, I understand that it is just an algorithm who knows these things about me. That's probably why it doesn't feel uncomfortable (Consumer 4)

Though some consumer respondents are highly skeptical towards data collection, it was still found that none of them use the incognito search function to decrease the data collected about them. This indicates that they do not care enough to completely hinder the data gathered about them.

A general perception in the interviews regarding brands collecting data is that if the consumer has a relationship with a company, and thereby a foundation of trust, it is adequate that the company gathers information as this will most likely improve the customer experience. However, the consumer respondents also mention that if they do not have a relationship with a brand, then data gathering negatively affects their attitude to the brand. On the same note, a company respondent mentions the idea that those who have a relationship with the brand become irritated when the brand knows too little about them, stating;

If customers have actively chosen our services, they want us to know what could enhance their future experiences with the brand. The dilemma appears when brands use data about inactive customers (Company 6)

A few consumer respondents also express a positive attitude towards data collection when it leads to a simplified and more efficient experience. An example that a consumer mentions is when a brand accesses their location and uses that data to

offer personalized product recommendations. The interview findings therefore show that consumers are generally positive to brands collecting data about them if it enhances their experience. Subsequently, one can see that data collection is considered worth the invasion if it results in a simplified experience.

I don't care that they collect information about me. I am actually positive towards it because it enables me to receive as good information and suggestions as possible. It is when they use the information incorrectly that it makes me irritated (Consumer 3)

Accordingly, ethical considerations are significant regarding brands collecting data about consumers and has an impact on *Consumer-Brand Relationships*. The interview findings suggest that consumers are still willing to accept a privacy invasion to a certain extent if it results in a better experience.

According to the literature review, a risk with implementing AI into analytical marketing tools is the lack of moral and ethical considerations regarding privacy, integrity, and safety (Miklosik et al., 2019; Davenport et al., 2019). However, there seems to be a trade-off between the concerns of privacy and the benefits of simplified and convenient offers that AI might help generate (Davenport et al., 2019). Thus, one can see the benefits of implementing *Recommendation Systems*, as they provide relevant and personalized recommendations (Ali et al., 2016; Kietzmann et al., 2018) that may strengthen *Consumer-Brand Relationships* (West et al., 2018).

### Faulty AI Usage Negatively Influences Consumer-Brand Relationships

A company respondent mentions the risk that gathering or using faulty data could cause a negative chain of reactions. Several consumer respondents mention examples of this, stating that they find it irritable to receive recommendations of products they had already purchased. A consumer respondent mentions that if technology is implemented incorrectly, it can easily create dissatisfaction. Consequently, if misusing the data,



brands risk losing their consumers' trust, resulting in weaker *Consumer-Brand Relationships*.

If you are going to use technology, I think it is important that you do it in a professional and thoughtful way (Consumer 7)

The company respondents emphasize the need for additional investments in AI, in order to enable advanced analysis of future behavior and demands of customer segments. This goes in line with the consumer respondents who express their desire for brands to know who they are in different stages of their life, adapting recommendations accordingly. A consumer respondent reveals their perception regarding advertisements that are irrelevant to their current life situation, stating;

There was a brand that sent me advertisements about a high school exchange despite me being too old and not interested. I don't know if their algorithms have gone completely bananas, but I found it really annoying (Consumer 5)

There are also ethical risks regarding the implementation of AI which may impact consumers' attitudes towards the brand. Several consumer respondents communicate their increased distrust towards brands who discretely gather information about consumers and use it in an irrelevant or invaluable way. Both consumer and company interviews indicate that there is a risk of consumers becoming skeptical if brands focus too much on technology and the usage of data, whilst forgetting about the ethical and emotional aspects.

With too much of a technical fascination, it is easy to forget the ethical aspects and the fact that customers often base decisions on their emotions (Company 5)

The interview findings are aligned with theory by Quentin et al., (2018), who express concerns regarding algorithms not being able to take into account how people change over a lifetime. However, the findings also support the previous literature that indicates how AI applications can act to thoroughly analyze customer behavior (Chen et al., 2018; Tsiptsis & Chorianopoulos, 2011). Thus, one can see benefits with

implementing *Customer Segmentation Systems* as it can be used to generate strong customer profiles that enable an understanding of consumer behavior and future changes (Kietzmann et al., 2018). Accordingly, this also supports the implementation of *Propensity Modeling* to help identify the potential value of specific segments (Kietzmann et al., 2018). Lastly, theoretical statements address the need for brands to be transparent about the purpose of collecting personal data in order to decrease the feeling of intrusiveness and unease among consumers, and thereby maintain their trust in the brand (Tene & Polonetsky, 2014).

## BRAND POSITIONING

This section includes the interview findings and an analysis of the literature review related to *Brand Positioning*. The AI applications deemed valuable to implement are *Propensity Modeling*, *Customer Segmentation Systems*, and *Dynamic Pricing*.

### Perception and Positioning of Brands are Influenced by Technological Investments

The findings show that consumer demands have increased regarding companies' technological investments. Both the consumer and company interviews indicate that implementing AI enhances the *Brand Image* and thereby *Brand Positioning* as it indicates innovation and relevancy.

I believe that the fact that we talk about concrete examples of how we use AI has a positive effect on the image and positioning of the company. It shows forefront and ambition (Company 4)

Therefore, companies can influence their *Brand Positioning* through their implementation of AI, taking a more current position on the market. However, though this is a tendency found among both consumers and company respondents, one of the consumers mentions that their attitude towards a brand who uses AI depends on their expectations and current positioning of the company. One of the company respondents mentions a similar opinion regarding certain technological

advancements to not be relevant for their position on the market. Therefore, the implementation of certain AI applications may not be deemed relevant if it does not fit the *Brand Positioning*.

### Importance to Identify Market Opportunities in Real-time by Strategic Pricing and Targeting

According to the company interviews there is a risk of neglecting certain customer segments by solely using AI. Relying entirely on AI when segmenting customers might thus lead to an ignorance of somewhat hidden customer segments. This in turn can result in a brand obtaining an insufficient position on the market, based on faulty insights obtained through *Customer Segmentation Systems*.

Furthermore, a common opinion among the consumer and company respondents is that the final factor to complete a purchase is often the price. A company respondent mentions their use of AI within *Dynamic Pricing*, stating:

We use Dynamic Pricing, which makes the price of our offers to constantly adapt to the current demand in real-time. We've done this for a long time but before we did it manually, now AI does the job instead (Company 6)

As the importance of price was acknowledged by both consumer and company respondents, one could consider the importance of investing in this

type of AI application as it enables brands to obtain a more accurate and strategic *Brand Positioning* that is aligned with the current market and demand, potentially leading to increased sales.

The interview findings support the previous research by Lloyd (2018) who mentions the risk of biased data and exclusion of certain groups to negatively impact the *Brand Positioning* strategy. However, the literature review also shows that AI can assist with gathering extensive amounts of data in order to identify the most lucrative *Brand Position* by gaining insights about the market and the target group (Witschel et al., 2015). Implementing *Propensity Modeling* and *Customer Segmentation System* into strategic planning can thus assist brands to more easily identify where they have the highest potential, benefiting their *Brand Positioning* (Kietzmann et al., 2018; Vafeiadis et al., 2015; Chen et al., 2018). Furthermore, one can also see benefits with implementing *Propensity Modeling* and *Dynamic Pricing* as it can analyze signals of churn and decrease the risk of losing consumers due to prices (Kietzmann et al., 2018).

## DISCUSSION

Based on the findings of the literature review along with the interview study, the discussion aims to generate a deeper extension and reflection of how AI can contribute to the relevant Brand Management components and the associated

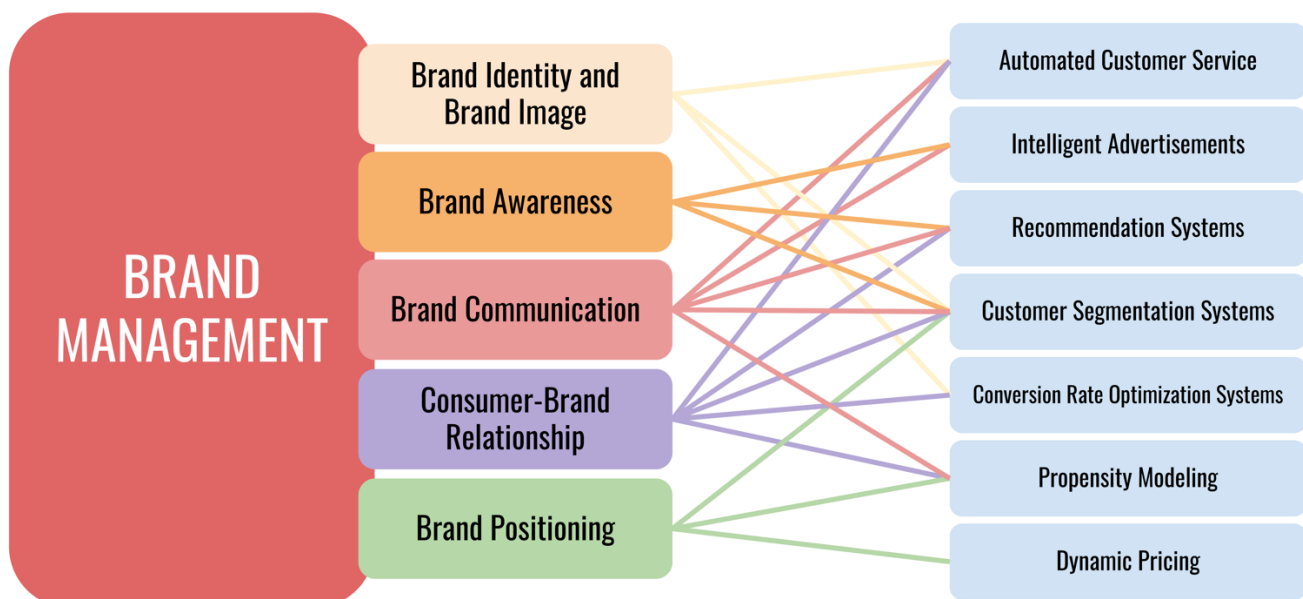


Figure 3. Artificial Intelligence Applications Integrated into the Brand Management Model

risks. Our findings highlight seven AI applications that are deemed relevant in the context of Brand Management. Figure 3. illustrates the integration of these AI applications into their associated Brand Management components. Though Figure 3. functions as a guideline for B2C brands, there are multiple aspects that need to be taken into consideration, discussed below.

Initially, one must acknowledge how Brand Management, according to our article, is made up of five components that are closely intertwined. The individual components significantly impact one another, indicating the importance for brands to persistently strive for improvements within each component. For example, insufficient *Brand Communication* obtains a direct negative impact on *Brand Image*, *Brand Awareness*, *Consumer-Brand Relationships*, and *Brand Positioning* as a chain reaction. This finding indicates the importance for brands to holistically invest in their Brand Management, considering all components simultaneously when implementing different AI applications. One cannot consider how AI applications positively affect one part of Brand Management and neglect the effects it may have on others. For example, implementing *Automated Customer Service* may have a positive impact on *Brand Image* and *Brand Positioning* as it indicates a modern brand, however, it may have a negative impact on *Consumer-Brand Relationships* if the implementation complicates the consumers' experience. Therefore, in order to successfully implement AI, it is important to obtain a holistic perspective on AI's contribution to Brand Management for each specific case.

The findings of both the literature review and interview study argue that there lies a significant value for both consumers and brands to invest in AI. Furthermore, it has also shown to potentially provide brands with a competitive disadvantage when neglecting AI's potential. However, brands who choose to invest in AI, need to consider that if implemented incorrectly, they risk losing likability, trust, and sales. Brands cannot oversee the deeper elements within Brand Management and the human factors that AI risks to neglect (Li,

2019). Since an essential part of Brand Management relies on human factors and relationships with consumers, it is important for brands to not over-trust the technological advancements. The literature review and interview study both show that *Brand Identity* and *Brand Image* play a significant role in enabling consumers to use consumption behavior as a form of self-expression. Even though AI applications are not found to contribute to the symbolic element of brands, it can assist with identifying patterns and gaining customer insights. This indicates AI to be seen as a complement rather than a substitute within *Brand Identity* and *Image*, as human elements play a significant role in forming the espoused values and symbolic associations of a brand (Kornberger, 2010).

The findings of the literature review and interview study also convey the importance of trust in order to retain consumers' loyalty, making it essential to incorporate *Brand Awareness* and building strong *Consumer-Brand Relationships*. The findings show that *Brand Awareness* and *Consumer-Brand Relationships* play an important role in effectively implementing AI in order to not cause consumers to dislike the brand. Since trust is critical, one could argue that there is a fine line between being intrusive and innovative, implying that brands need to be transparent about the purpose of the data collection to avoid disrupting any ethical considerations. There is a tendency that consumers trust brands with their data more if they have strong *Brand Awareness*. This implies that familiarity of a brand affects consumers' attitude towards the implementation of AI (Tene and Polonetsky, 2014). This thereby indicates the importance for brands to primarily establish strong *Brand Awareness* and *Consumer-Brand Relationships*, and thereafter implement AI.

By implementing *Recommendation Systems* and *Intelligent Advertisements* after establishing strong *Brand Awareness* and *Consumer-Brand Relationships*, brands are more likely to obtain a positive effect. In contrast, if this is not the case, consumers are more likely to dislike the brand as these *Brand Communication* efforts become

recognized as intrusive and deceptive. Furthermore, one could consider that *Recommendation Systems* and *Intelligent Advertisements* provide personalized content based on past choices, which may not be truthful according to consumers' inclinations. Brands thereby risk encouraging consumers to repeat past choices, rather than develop their preferences (Quentin et al., 2018), which may harm the brand's development (Davenport et al., 2019). Since *Brand Image* is based on how a brand is seen by consumers (Sääksjärvi & Samiee, 2011; Da Silveira et al., 2013), one might argue that there is a risk of negatively influencing *Brand Image* from faulty usage of these AI applications. Brands risk being seen as lagging by over-trusting insights based on past preferences. Furthermore, if the content becomes too personalized, brands risk causing a range of different perceptions of the brand within the target group, losing consistency and credibility.

The findings further show that AI can obtain a high value in the deciding stage of consumers' purchasing process. *Dynamic Pricing* can impact the vital element of whether or not the consumer goes through with the purchase. Furthermore, implementing *Conversion Rate Optimization Systems* on the brand's website can also be a crucial factor that decides whether a consumer decides to place an order, or leaves the website. *Automated Customer Service* and *Recommendations Systems* may also be decisive factors that enable the consumer to obtain quick and relevant solutions that simplify the experience, influencing them to go through with the purchase. Therefore, one could argue that AI has a high potential regarding consumers' experiences, as it acquires a significance in consumer behavior.

In addition, both the interview study and literature review have shown the difficulty for brands to obtain and retain consumers' loyalty. There is an importance for strong strategic planning within *Brand Positioning* in order to adhere to ones' targeted consumers, thereby obtaining a higher likeliness of loyalty. By using *Customer Segmentation Systems* and *Propensity Modelling*, brands can identify which consumers are worth investing

in (Kietzmann et al., 2018; Witschel et al., 2015; Doyle, 2016; Vafeiadis et al., 2015; Chen et al., 2018). However, the risk that AI algorithms disregard important consumers still implies the importance of maintaining the human ability to value one's potential target groups and continuously supervise the process. If not, brands risk a vicious spiral of neglecting evident errors, causing ongoing negative externalities. This further leads to consumers' obtaining an unjust *Brand Image* that is not aligned with the desired *Brand Identity*.

The findings further show that AI can be considered an investment for both the concrete value of increasing profits, but also in the sense of *Brand Positioning*. The findings imply that the perception of brands improves because of technological investments. If this notion is neglected, the brand risks becoming considered irrelevant and unmodern if the expectation of the brand is to invest in technological advancements. An area in which this is especially relevant and shows to obtain a high impact on consumers' perception of a brand is customer service. *Automated Customer Service* can help enhance Brand Management as it creates a positive attitude towards the brand if used as a complement to traditional customer service. Investing in this AI application indicates that the brand is up-to-date and wants to invest in customer satisfaction. If implemented poorly, however, *Automated Customer Service* showed to negatively influence *Brand Image*, *Brand Communication*, and *Consumer-Brand Relationships*. This implies that AI implementation within customer service obtains significance within multiple components of Brand Management, highlighting the importance to offer a holistic solution. Therefore, combining traditional and *Automated Customer Service* is to be considered the best solution, offering both availability, efficiency, as well as human interaction when desired.

From the literature review and the interview study, one could argue that ethical considerations have shown to play a central aspect in all the components of Brand Management. Therefore,

implementing AI into Brand Management must emphasize ethical concerns thoroughly. The data collected and used by brands must be handled and applied in a manner that does not risk losing the trust of the consumers. Though many find privacy and safety of their personal information important, their actions imply that personal integrity regarding their data loses significance if the intrusion benefits them. This implies that as long as brands operate in the sense that benefits the consumer, ethical concerns are not considered substantial. Rather than the notion that ethical considerations are essential within all the components of Brand Management, the central aspect is instead to use AI in a way that benefits the consumer.

Though Figure 3. illustrates multiple applications that are deemed important, one could consider that brands may not have the resources to implement all applications simultaneously. When considering which AI applications are deemed most important, one could state that depending on the brand, sector, and the size of the company, different AI applications may be more or less relevant. The literature review and the interview study both indicate the importance of customer service, however, it neglects the necessity to apply automated versions. Therefore, one could argue that this is not of the highest relevance for brands to consider primarily. Instead, there has shown to be a high significance in the simplicity of the purchasing process, in touch points such as the website. This indicates that *Conversion Rate Optimization* should be considered as the first AI application to be implemented. The findings also portray the importance to fully understand ones' target groups, indicating *Propensity Modeling* and *Customer Segmentation Systems* to be considered as early applications to implement regardless of the brand, industry, and size.

The discussion indicates the value for B2C brands to use Figure 3. as a guide when implementing AI into Brand Management, while still obtaining the mentioned perspectives in mind. AI obtains value within multiple components of Brand Management if the actions brands take are in line with

their consumers' best interests. The process therefore needs to be carefully considered, taking all mentioned angles into consideration.

## CONCLUSION AND IMPLICATIONS

This section aims to fulfill the purpose of contributing to the field of research regarding Brand Management and AI. As previously stated by Martínez-López and Casillas (2013) and Davenport et al. (2019), the research concerning AI's potential within Brand Management is insufficient. By answering the research questions of *how AI can contribute to the field of Brand Management* as well as identifying *the associated risks*, this article generates a significant contribution to this field.

Regarding the first research question, we have identified six main ways in which AI can contribute to Brand Management. First and foremost, AI can generate a more efficient customer service that enhances consumers' perception and relationship with the brand. Additionally, AI enables brands to develop a better understanding of their consumers, allowing brands to identify relevant target groups as well as recognize their estimated value to the brand. Furthermore, with the implementation of AI, there also lies possibilities for brands to optimize and customize their communication in real-time, providing personalized recommendations and messages with higher relevancy. In addition, AI enables brands to achieve higher awareness among relevant target groups. Moreover, based on consumers' behavior, AI enables real-time evaluation, providing opportunities to optimize sales by adapting prices and improving online experiences. Finally, AI can help provide an enhanced and seamless customer experience throughout all touchpoints, regardless of the individual being in contact with the customer service, browsing the website, or physically experiencing the brand.

Regarding the second research question, we have identified five main risks associated with implementing AI within Brand Management. First of all, using AI to implement personalization and

automation can cause brands to lose their identity, consequently generating a conflicting image of the brand. Another risk is that AI can cause irritation and disliking when not implemented correctly, providing incorrect information, or not being efficient enough. Furthermore, by applying AI into Brand Management there is also a risk of losing human capabilities, which may negatively affect consumers' brand perception. Additionally, a high level of trust in AI can lead to an ignorance of important signals and information, leading to a downward spiral of consequences due to faulty algorithms. Finally, there is an associated risk of neglecting moral and ethical considerations when implementing AI, leading to a general skepticism and loss of trust towards brands.

Brand managers ought to recognize the importance of technological development and rather than being ignorant, see the immense possibilities that come with implementing AI. Investing in AI makes brands become considered up-to-date, creating a positive effect on consumers' perception of the brand. Our findings thereby indicate that despite the potential risks, investing in AI applications positively complements human capabilities within Brand Management. Brands need to carefully and accurately implement AI in order to enhance rather than harm their Brand Management. Therefore, we recommend brands to firstly establish their position on the market and build relationships with their consumers, and thereafter implement AI. This will allow the brand to gather more extensive data while still maintaining trust and loyalty. Finally, brand managers must see to their customers' specific needs and expectations, before choosing which AI applications that are relevant to implement.

## LIMITATIONS AND FUTURE RESEARCH

Due to limited time and resources, this study contains limitations that would be interesting to consider in future research.

The results obtained from this research regards a rather broad variety of B2C brands, as the selection of company respondents vary amongst

different industries. Thus, we suggest that future research could address an industry-specific perspective, providing more concrete results and implications for the selected sector. As mentioned in the discussion, one could consider how the size and level of awareness of a brand affect the relevancy of different AI applications. Therefore, we suggest further research to be conducted regarding these factors. Since this article is limited to the B2C sector, another suggestion for future research is to investigate the B2B sector. This could be interesting to research as the B2B sector has a more specific target group compared to B2C, potentially influencing the components of Brand Management differently.

This article obtains the perspective of consumers between the ages of 22-30 in Sweden, limiting the generalization of our findings to this segment. Therefore, one could investigate potential differences between segments and their perceptions of AI, as well as conduct a cross-cultural study to identify cultural differences. As we identified several differences in the shopping behavior of our respondents, another suggestion for future research is to analyze differences in perception of AI-based on consumers' shopping behavior.

This article is limited to specific AI applications that we have evaluated to be significant within Brand Management. However, due to the immense technological advancements as well as the time frame of this research, more applications may be relevant that have not been considered. Several of the company respondents acknowledged the potential of implementing AI within *Automated Marketing Campaigns*. This indicates the significance to conduct future research regarding applications not considered in this study. Also, while this article aims to study the implementation of AI within Brand Management, there might exist non-AI applications and methods to solve the same issues. Thus, future research might study complementary tools other than AI. Finally, we suggest this article to be viewed as a dynamic source of reference in need of regular updates and supplements due to the fast-pace of technological advancements.

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Sincerely,

Carolina Agersborg, Isabella Månsson and Emelie Roth

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