15 Future look

Communicating with customers using digital channels

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Introduction

When predicting the future, especially in Digital Marketing (DM), for customer–firm communication platforms, the only given is that there will be constant change. Although we believe that many of the old models/theories of marketing and communication will still be valid and used to understand the future of DM, it is clear that we will also see the rise of new models and theories for better mapping and understanding of the customer in the digital era. For this academic research chapter on anticipating key DM trends, we are fortunate to have the opinions of some of the world’s leading researchers as well as practising DM and Social Media (SM) Manager to highlight trends emerging from the literature and account management practice.

This chapter first explores the future of automation, Artificial Intelligence (AI) and chatbots and their potential impact on customer–company communication. This is followed by a discussion of the future roles that influencers may have as well as the emerging negative aspects of DM Communication. This chapter concludes with a review of the impact that blockchain technology can have on DM and business in general.

AI and automation

As discussed in previous chapters, AI and automation are current buzzwords that are used regarding the future of DM. Although AI has existed for decades, we believe that it is still in its infancy regarding its potential. In the future, AI will replace many increasingly complicated tasks in the digital landscape, from telephone sales to a more profound role in customer communications, such as personalising communications and recommendations for customers. Automation, in turn, will significantly affect how marketing communications are conducted. Marketing automation, when combined with AI, will lead to more completely automated digital communication. Everything from automated email newsletters to automated chatbots is becoming wiser each year and will presumably replace humans in the future.

AI is already an integral part of targeting digital advertising. Ad platforms, such as Facebook and Google, are giving advertisers more options to use AI to find the most potential customers. At the same time, those platforms are offering fewer manual options for ad targeting. However, AI requires data to function. The more money that is invested in ads, the more data that are collected, which leads to better AI ad targeting. The same theory applies to any other AI application: the more data, the better it works. In the context of marketing, the amount of data gathered correlates with the number of people interacting
with DM. Advertisers with big budgets will be able to drive more traffic to their websites; thus, they will benefit more from AI than companies with lower budgets. This raises a question regarding equality: does AI create an unfair advantage for bigger businesses?

Chatbots
What are chatbots? They are simply computer programmes that are expected to imitate human conversation, typically on a website, an SM platform (such as messenger) or a mobile app. The form of conversation to date has mostly been text, but it can also include speech (such as Amazon’s Alexa). Chatbots are most commonly used to either help potential or existing customers on a website or SM platform complete their task or to offer customer service in general. Ultimately, the main goal of the chatbot is to drive sales.

Real-time communication via chatbots will continue to grow exponentially, and some would even argue that it is a glorious march. Increasing numbers of businesses have installed chatbots on their websites to assist and guide website visitors in their searches. Chatbots also encourage customers towards a Call to Action, such as making a purchase or downloading content. The challenge with many chatbots to date has been that, even though they all use AI, few are helping the website visitor. We hope and believe that, in the coming years, chatbots will become wiser and thus add value for the website visitor.

Chatbots emerged in 2014 and have become one of the fastest growing digital opportunities concerning firm–customer communication online. On the positive side, chatbots never sleep and can guide us 24/7. The most advanced bots also work well without any human intervention. Thus, replacing some human customer service operators with automated chatbots can offer organisations savings as well as 24/7 flexibility. In addition, chatbots are excellent market researchers because they constantly collect data from their interactions with customers. Analysis of the data collected by chatbots can reveal many important issues, such as what slows customers in the purchasing process; at what purchasing stages customers end the conversation and leave the website (e.g. the chatbot is not working well) and issues related to customers’ levels of engagement and satisfaction.

However, scientific research on chatbots is still in its infancy. Recent research has revealed that consumers are frustrated with chatbots’ poor functionality (Adam, Wessel, and Benlian, 2020; Shumanov and Johnson, 2020). In another recent study of 205 German respondents, perceived usefulness and perceived enjoyment were the key drivers of consumers’ acceptance and use of chatbots (Rese, Ganster, and Baier, 2020). By contrast, consumers have concerns regarding privacy and the immaturity of the technology.

What chatbots should and should not do depends on the context. For example, a chatbot could be programmed to recommend relevant content after a website visitor has read 80% of an article or to propose a time for an instructional phone call after a consumer has downloaded demo software.

Authentic content and Influencer Marketing
In addition to AI and automation, we will definitely see Influencer Marketing flourishing in the future. The shift from large-scale influencers to micro-influencers is something we believe will happen because younger DM audiences follow influencers, watch them on YouTube and make decisions based on influencer recommendations. In essence, there are three key groups involved with User-Generated Content (UGC): people who consume/
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interact with the content, organisations participating with UGC and those who create the content.

Consumers view many SM platforms as an opportunity to share their achievements and experiences as well as to connect with other consumers; we also consume online/SM content for entertainment or as a source of information. UGC particularly engages consumers on YouTube and Instagram. Hence, it is also crucial to understand that DM communication in the future will be video-driven. Understanding younger audiences is key to determining why video is much more important than text (Carpenter Childers, Lemon, and Hoy, 2019). Initially, the emergence of UGC was welcomed as a sign of empowering consumers to engage in active participation that could shape future products and services.

Social Media Influencers (SMIs) are a specific UGC category of people who have amassed a following by sharing snippets from their everyday lives. SMIs may or may not collaborate with brands for a fee. In essence, SMIs are ‘leveraging their social and cultural capital on SM to shape the opinions and purchasing patterns of others’ (Wellman et al., 2020, p. 68 as cited in Asquith and Fraser, 2020, p. 5730). The greatest challenge for SMIs is to balance trustworthiness, authenticity and credibility when sharing snippets of their lives (or collaborating with brands) whilst increasing their SM following with the help of technology, such as platform analytics (audience management is an essential criterion for attracting paid collaborations). SM platforms can further muddle the UGC field by prioritising posts that gain high engagement levels (i.e. simply being a nice person is not enough to get your post displayed beyond personal followers) (van Driel and Dumitrica, 2020).

By contrast, marketers view these same platforms as an intermediary between advertisers and consumers and as an opportunity to harness the power of positive Word-of-Mouth (WOM), extend the reach and build credibility (Carpenter Childers, Lemon, and Hoy, 2019; Hollebeek and Macky, 2019; Schouten, Janssen, and Verspaget, 2020). Brands are seeking favourable connections with current and potential clients to foster online engagement and disseminate positive, branded communication to breach consumer scepticism towards traditional advertising (Carpenter Childers, Lemon, and Hoy, 2019; Hollebeek and Macky, 2019).

Influencer Marketing is also an opportunity for organisations to combat ‘banner blindness’ and ad blocking: rather than interrupting consumers’ entertainment online, brands now seek to become part of this same entertaining content (Asquith and Fraser, 2020). Influencer-created content is viewed as more direct contact with consumers with greater organic/authentic tones. Furthermore, influencers with established expertise within their own network are viewed as a credible, effective source of information, for example, for product recommendations (Lou and Yuan, 2019; Schouten, Janssen, and Verspaget, 2020). Ideally, SMIs ‘provide an authentic voice on behalf of brands that show real people using real products in real time’ (Carpenter Childers, Lemon, and Hoy, 2019, p. 265).

SMIs are increasingly striving for a highly professional content and active use of analytics. Forbes magazine declared SMIs ‘new brands’, and Adweek called influencers ‘the next big thing’ in 2015 (van Driel and Dumitrica, 2020, p. 2). Some argue that highly successful SMIs are self-professionalising their content for future advertising revenue, resulting in the institutionalisation of, for example, a YouTube celebrity (Asquith and Fraser, 2020; van Driel and Dumitrica, 2020).

Currently, Influencer Marketing is at a crossroads: private citizens have amassed substantial online followings simply by sharing content from their own lives or through
their expertise. This content can satisfy both the entertainment and information needs of their audiences, and it is significant that this interaction was originally built on non-commercial values. Simultaneously, whilst traditional advertisers are looking for ways to have a greater impact on their audiences, DM firms are forced to deal with ad-blocking technology, consumers hiding behind fake profiles or location distorting Virtual Private Networks (VPNs). It is no surprise that IM is being embraced (it has grown exponentially as a business) as organisations can gain a significant return on investment when matching successful influencers with their products (Carpenter Childers, Lemon, and Hoy, 2019; Lou and Yuan, 2019; Schouten, Janssen, and Verspaget, 2020).

Influencers are also at crossroads: through collaborations with brands, influencers can potentially achieve financial rewards, increase their following and even achieve greater credibility with carefully selected commercial collaborations. However, the risk of losing content authenticity and alienating their core followers is also there if ‘authenticity becomes carefully choreographed’, strategic self-presentation (van Driel and Dumitrica, 2020, p. 4) (i.e. when intrinsically motivated posts become planned/curated content that resembles traditional advertising).

Influencer Marketing is a fast-developing and fast-growing field. Although Influencer Marketing is regulated in most developed countries, and paid collaborations must be clearly identified (Asquith and Fraser, 2020; Carpenter Childers, Lemon, and Hoy, 2019), regulatory bodies need to be able to adjust to new platforms/types of influencer content quickly. The ‘commercialisation’ of UGC is an interesting trend to analyse in the long term because organisations are now striving to achieve authentic, non-paid participation on SM platforms. As with many emerging research avenues, findings from the effectiveness of Influencer Marketing can be contradictory. Critical success factors are influencer credibility (including source expertise, trustworthiness and perceived personal similarities/attractiveness between audience and influencer), perceived trust and brand awareness (Lou and Yuan, 2019).

The dark side of digital marketing and communication

The technological progress we are experiencing is driven by the incessant objective of facilitating, improving and advancing human interactions, including practical life-situation aspects as well as work-related tasks. The purposes behind technological advances and their use in DM are, after all, meant to facilitate routine and, in the future, even more specialised business activities. Yet, technological advancements, such as those driven by AI technologies, can pose many challenges of an ethical, normative and even legal nature for digital marketers and communicators. Thus, there is a dark side to the development and use of these technologies for marketing and communication purposes.

In the following sections, we elaborate on three main dark aspects related to DM practices and the use of digital technologies that have emerged in public and academic discussions during the past few years: free digital labour, data surveillance and the rise of deepfakes. We believe these aspects will become even more compelling in the years to come.

Free digital labour

A critical aspect related to increasing consumer engagement via DM activities is related to the phenomenon of digital labour. Paradoxically, one of the main objectives of DM and communication activities is to increase consumer and customer experiences across
different touchpoints and actively engage them to co-create value for the brand and/or organisations. Often, this means relinquishing some organisational power to consumers and allowing them to customise and engage in many activities that can create value for the brand.

This type of engagement is typically unpaid, voluntary and at times rewarded with contests or sweepstakes, where small prizes are awarded for promotional purposes. Even in the latter situations, the economic benefits of participation do not match the economic value that organisations obtain from consumer participation. Media sociologist Fuchs (2014) argued that many DM and communication activities aim at promoting digital labour, in which ‘digital publics either consciously or unconsciously become instruments of economic power’ (Lovari and Valentini, 2020, p. 323). The surplus value generated from consumers’ digital participation can be seen in all three value-chain moments of consumption, production and marketing, with the latter taking on an important aspect of the promotional activities of an organisation in the form of brand endorsement, sharing and resharing product and brand-related content with fellow consumers and friends.

While most of this surplus value is freely offered, savvy consumers may soon realise that their digital engagement and participation in a marketing setting produce economic and reputation capital for organisations. They may start posing questions on the nature of DM and communication initiatives or challenging established practices related to Influencer Marketing. If any kind of digital labour that results from consumer participation in the value-chain process is to be monetised, what will it happen to Influencer Marketing?

**Data surveillance**

One of the most controversial aspects of digital technology use for marketing and communication purposes is utilising data collected through consumer–organisation interactions, such as via chatbots, and consumers’ online behaviours on organisational websites, official SM accounts, etc. Every time a consumer interacts with an organisation, brand or specific online content, a ‘footprint’ of this interaction is saved and registered. These data are, indeed, an important resource for digital marketers and communicators, who can then better understand and target their consumers with further digital content and enticing offers. While this practice is widely spread across industries and organisational types and sizes (Valentini, 2018), it has increased attention towards Data Surveillance – a specific form of targeted monitoring of our online behaviours, which often occurs without our knowledge. Han (2015) underlines this paradox when stating that while Web 2.0 and in general digital media have increased the transparency of what is going on around the world and in organisations, they have also created more control and can produce a ‘digital panopticon’ (i.e. a central place from which everyone can be observed and controlled everywhere and by anyone).

This dark side of data collection, which has been a panacea for many years in DM research and consumer behaviour understanding, poses several problems in terms of who owns the data, who can use it and for what purposes.

In recent years, privacy and data security matters have emerged as hot topics among citizens, legislators and organisations. At the European level, this phenomenon has been addressed through several regulations limiting the rights of collecting and using data from consumers without their consent. The 2017 European General Data Protection Regulation (GDPR) is today one of the most advanced regulations in the world for supervising this specific aspect. This regulation has already impacted the data collection practices
of many companies worldwide because the protection applies to data collected on EU citizens, whether it is processed in or outside European countries (Valentini, 2017). However, new forms of data collection and monitoring are and will occur that can bypass legal requirements, leaving ethical concerns for future digital consumers.

The rise of deepfakes

The third challenge for digital marketers and communicators is related to the phenomenon of deepfakes – the spread of hyper-realistic digital content in the form of manipulated videos and audio content that looks authentic but is fake.

The advancement of digital technologies and AI is already showing some negative effects regarding how these technologies have been used to distort social reality and promote media forgeries. AI-based technologies can alter videos and images by replacing them with someone else’s likeness, resulting in the appearance that someone has said or done something that they have not (Westerlund, 2019). This phenomenon has been particularly evident in the area of politics, with high-level politicians, presidents and prime ministers being shown in manipulated situations that were false. Because of the digital nature of this content, deepfake videos and images can quickly and widely spread online, causing problems worldwide for the person and/or organisation that they represent.

However, the deepfake phenomenon is also affecting the business community in many ways, such as by featuring synthesised talking heads of CEOs or prominent corporate personalities saying or doing things that they have never done. According to Wired (Simo-nite, 2020, July 7 – see Further reading), start-ups are now crafting AI technology that can generate video and images that can pass as substitutes for conventional corporate footage or marketing photos. The dark side of this practice is that concepts like authenticity, trustworthiness and credibility lose meaning when consumers discover that there are deepfakes behind the content. Additionally, this practice could be hijacked by trolls and anti-company groups and used to undermine the credibility of an organisation or its representatives. However, blockchain technology could help alleviate trust concerns in the future.

Implications of blockchain technology on marketing practices

Breakthrough technological advances, particularly the types that have far-reaching effects on the economy, society and institutions, have previously transformed the practice of marketing. For example, the Internet permanently changed the way marketers communicate with their target audience, where marketers now appreciate the notion that information consumption is more of a two-way dialogue than a one-way communication process. Hence, blockchain technology will significantly transform marketing practice and society as a whole in ways that would be difficult to envisage today.

Like the Internet, blockchain technology promises to not only disrupt marketing practices but to significantly transform the way in which marketing is applied as a business discipline and to society as a whole (Gleim and Stevens, 2021). Blockchain is a foundational technology positioned to create new foundations for economic and social systems (Iansiti and Lakhani, 2017). It is particularly well placed to address one key limitation of the current Internet infrastructure: trust (Ghose, 2018). Blockchain provides the trust protocol, which is currently missing from the Internet protocol that forms the rules of Internet communications.
The current architecture of the Internet is not designed to protect consumer privacy. Blockchain addresses this issue by giving consumers total control of their personal data; consumers transacting via a blockchain-enabled Internet infrastructure are assured anonymity because their identities are prevented from being monetised by third parties (Zheng et al., 2018). Blockchain ensures anonymity through pseudonymity, which allows users to continue conducting their transactions anonymously while providing their proof of identity on the Internet Protocol level (Iansiti and Lakhani, 2017). Trust assurances in the current, predominantly non-blockchain-based Internet infrastructure are governed by information intermediaries (including dominant centralised server-based technology platforms, such as Visa, PayPal, Amazon, eBay, Google and Facebook), which are known as Trusted Third Parties (TTPs). These parties are privy to consumer transaction data on the Internet. The fundamental flaw with this model is that TTPs are able to claim ownership and monetise consumers’ personal data without the consent of the very consumers who generate these data, given that the TTPs are actually the owners of these data because consumers are registered on their centralised server-based platforms (Gleim and Stevens, 2021). Although consumers have become accustomed to this phenomenon when they register for an account with these TTPs to communicate and transact via the Internet, in principle, consumers do not own the personal data they produce, and this is simply unreasonable.

Through the pseudonymity feature offered by blockchain technology, consumers can cryptographically store their data in a digitally encrypted secured wallet or smartphone and present their proof of identity on the Internet Protocol level as a way to remain anonymous to any other third party. In other words, consumer data are shared only on a need-to-know basis (Ertemel, 2018). This presents a fundamental transformation in that data ownership and control shifts from third parties, such as Google and Facebook, to its rightful owners: consumers. This concept, which is known as Self-Sovereign-Identity, directly contrasts the centralised identity paradigm upon which the current Internet protocol is based (Naik and Jenkins, 2020). In instances where a third party needs to know whether a customer is at a legitimate age to use their product, only that information needs to be confirmed (i.e. a yes/no response); other data, such as age and date of birth, will remain undisclosed for the purpose of that transaction (Ertemel, 2018). In this regard, blockchain has the potential to fundamentally disrupt entire industries, including established firms in the financial services industries, such as Visa and Mastercard; centralised server-based platform providers, such as Google and Facebook and sharing economy platform providers, such as Uber and Airbnb (Gleim and Stevens, 2021; Mattioli, 2020; Marr, 2018 – see Further reading).

Blockchain promises to fundamentally reshape the Internet by being the missing and long overdue trust-layer of the current Internet Protocol architecture. Trust is integrated into the protocol using cryptographic technology such that not only information but also value (e.g. tangible or intangible assets, such as patents, property rights, ownership records, and money) can be transferred via the Internet. The key contribution of blockchain technology to the current Internet infrastructure is its ability to enable decentralised trustless transactions by removing all the middlemen (TTPs) via cryptographically secured peer-to-peer distributed immutable ledgers, which makes the TTPs’ role between firms and customers effectively redundant (Ertemel, 2018). This phenomenon (the disintermediation and decentralisation of the Internet) paves the way for a fundamental shift in the way marketing theory and practice will be applied in the next decade (Cui et al., 2021).
Swan (2015) chronicles the evolution of blockchain technology in three distinct phases. Blockchain 1.0 (Ertemel, 2018) refers to currency transfer over the blockchain network. Cryptocurrencies, such as Bitcoin, Ethereum and Ripple, are some of the most successful applications of Blockchain 1.0. Blockchain 2.0 pertains to Smart Contracts, which is essentially a programming logic embedded in cryptographically secured blocks in a blockchain. Its function is to automatically insert the terms and conditions of an agreement, programming trust and transparency into business transactions (Peters and Panayi, 2016; Ertemel, 2018). As a result, complex transactions involving several parties can be executed without the need for intermediaries. There are numerous areas of application for smart contracts, including supply chain integration, smart properties (blockchain-enhanced IoT), mortgages, titles, etc., where business process logics can be embedded for automation of the business processes that underpin business transactions. Smart contracts unfold and self-execute as events occur and hence coordinate and settle all the possibilities that can occur in a supply chain. In this regard, blockchains significantly shift transaction costs between upstream and downstream partners within a supply chain (Cui et al., 2021). For example, when one party in a business transaction does not deliver the product as declared, the payment of the other party is automatically rolled back. Blockchain 3.0 refers to digital applications beyond finance and markets. Blockchain 3.0 application areas include scaling blockchain applications on the Internet for transactions involving but limited to government, smart cities, health records, education and science (Ertemel, 2018).

In marketing, the implications of blockchain technology are expected to be far reaching, penetrating the very fabric of marketing strategy, tactics and operations. For example, blockchain technology provides a solution to the problem of fake identities (deepfakes) on the Internet through encryption via its underlying cryptographic technologies, specifically by applying pseudonymity, which reveals the proof of identity of all interacting parties, such as the firm and the consumer, at the Internet protocol level (Iansiti and Lakhani, 2017). This allows for verification and authentication of the credibility of each party in a transaction, thereby restoring trust between the transacting parties.

In managing supply chains, blockchain distributed ledgers serve as an agreed-upon reality (e.g. proof of work and a form of consensus mechanism) via a Secure Hashing Algorithm among non-trusted parties (Shahzad and Crowcroft, 2019; Zheng et al., 2018). In this regard, transparent and real-time monitoring of assets eliminates any uncertainties. In brand management, brand promises are verified and authenticated by providing full visibility and traceability of supply chain activities from the source to the point of consumption. For example, the ingredients of a product could be irrefutably traced throughout its supply chain to verify the organic claims, as stated on product packages, when developing sustainable business practices (Gleim and Stevens, 2021). To ensure the authenticity of brand labels, blockchain provides brand protection from the threat of counterfeits (Ertemel, 2018). Other measures that promote consumer trust for a brand include their ability to gauge brand performances based on information available to consumers via the blockchain on measures like customer complaint rates, customer satisfaction score, product defect rates and on-time delivery rates (Iansiti and Lakhani, 2017).

In the online advertising domain, blockchain technologies are expected to allow consumers to have authenticated and verified profiles on the blockchain network through their pseudonymity, which will enable users to opt-in to viewing ads rather than being compelled to do so and offer financial rewards for interacting with ads of their choice (Gleim and Stevens, 2021). This will liberate advertising revenue from the monopolistic grip of the major centralised server-based platform providers, such as Google and
Facebook. Brave is an example of a blockchain-based browser that is built with ‘consumer privacy’ in mind; only blockchain-based advertising is integrated as part of the consumer Internet experience. The underlying premise of Brave is that users will own the rights to their data and share in the profits of the firms that are advertising to them (Brave, 2019 – see Further reading). Although the concept underpinning the Brave browser is not entirely beholden to the principles of blockchain, it nevertheless provides a glimpse into the world of advertising in a blockchain-enabled Internet experience (Cui et al., 2021).

It is important to recognise that blockchain as a technology for business and marketing is only in its embryonic stages of development. While blockchain provides promise as a solution to consumer trust in firms and in markets generally, it also creates new challenges and opportunities that marketers will need to confront and address as we move further into the unknowns presented by blockchain technologies. However, it is clear that marketers will increasingly contend with an online business landscape where consumers will have a transparent overview of how their data are attributed value and which brands might be willing to engage in an exchange with them for these data to create value propositions for more equitable business transactions.

Conclusions

In conclusion, the key changes we foresee changing the DM landscape are as follows: the future of DM Communication will see greater automation (e.g. AI-enabled chatbot technology) that aims to create a better customer experience with true 24/7 access, and with improvements in Natural Language Processing (NLP), future chatbots will be able to provide expert customer service with ‘standardised politeness’ and without breaks.

The introduction of SM has changed the balance of cyberspace control, with consumers and organisations now co-existing on digital platforms. Consumers are creating content not only for other consumers but also for brands and organisations (UGC). The most successful individuals sharing content online have become influencers whose messages impact buying behaviour worldwide (we predict that particularly video content will have a notable impact in shaping future consumption patterns). However, these powerful influencers have used business-like analytics to shape their content to attract an audience and form (paid) business collaborations. To maintain their authentic appeal, influencers must find a balance between being a paid collaborator and simply another online consumer.

Unfortunately, the blending of branded communication and UGC has also introduced negative aspects to digital communication: free digital labour is a potential outcome of individuals engaging with brands online when data surveillance harvests customer information from our online interactions. The GDPR and other recently introduced national privacy codes aim to empower consumers to take some control of their gathered data. Unfortunately, until we reach the full implementation of blockchain technology with cryptographically stored personal identifying data, consumers will not be in full control of how their data are utilised.

Blockchain technology will also bring new levels of trustworthiness to online interactions through cryptographically secured peer-to-peer distributed immutable ledgers. This technology can eradicate deepfakes and bring full traceability to supply chains, from raw materials to final consumption, and eliminate counterfeits. Blockchain will also revolutionise online advertising technology: in the future, consumers can choose which advertisements to view and even be financially rewarded for doing so.
Future research

• Once AI-empowered chatbots can better imitate human communication, how should consumer trust (of chatbot-powered online communication) be managed?
• Critical research into the balancing of authenticity and self-branding activities of SMIs is required. Such studies should compare the views of advertising executives, SMIs and academic researchers.
• DM and SM can also introduce negative tones of communication to online interactions. How can such negative implications be minimised?
• With consumers confused by blockchain as a concept, how can this new technology be harnessed to create trust in the online environment?

Further reading


References


