



A SKAI MEDIA BRIEF

The Next Big Thing:

Where Generative AI's
First Areas of Innovation
Will Impact Marketing

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Executive Summary: This brief emphasizes the critical role of generative AI in shaping the future of marketing strategies and highlights the importance of adapting to remain competitive. The initial impact of generative AI on marketing will be across three key areas—workflow optimization, integrated systems, and consumer behavior. Learn how to leverage AI advancements like ChatGPT to maintain a cohesive marketing strategy in an era of disruption.

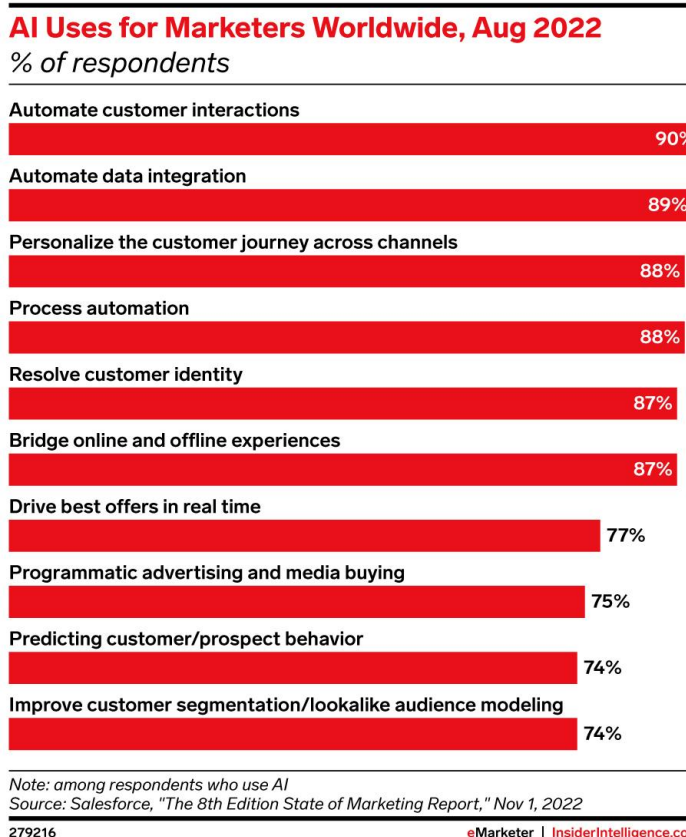
Introduction: It's here. Now what?

(February 1, 2023) Reuters reports that OpenAI's ChatGPT has reached an impressive 100 million monthly active users within just two months of its launch, making it [the fastest-growing consumer application in history](#).

[Few marketers disagree](#) that generative AI has the potential to revolutionize how consumers interact with core online environments. These transformations are already influencing marketing strategies, particularly in paid search, paid social, and retail media — three channels that account for nearly 80% of the current [\\$625 billion global digital advertising market](#).

Regardless of the disruptive nature of generative AI, marketers know they must seamlessly continue driving performance for their organizations even as the world changes around them. Marketers can successfully navigate the changing landscape by anticipating the impact of generative AI on consumer behavior by embracing emerging AI technologies like ChatGPT early in their lifecycles.

With 17 years of experience introducing advertising technology solutions to the market, we have witnessed numerous industry evolutions—some that created substantial shifts and others that merely caused a brief stir. In this brief, Skai's Chief



Product Officer provides a perspective on the initial areas in marketing that generative AI will most influence:

- **Workflow hacks and enhancements**
- **Integration of AI into ad systems**
- **Evolution of AI-assisted consumer behavior**

Short-term impact: workflow and task completion

The initial impact of generative AI, which is already underway, pertains to the daily efficiency improvements experienced by marketers. By harnessing the power of AI-driven technologies, marketing professionals can streamline their workflows, enabling them to spend more time optimizing strategies and boosting their overall performance and return on investment. Early AI adopters already leverage generative AI technology for creative tasks, such as producing images, text, videos, and taglines.

As this technology evolves, not only can we expect faster processes and reduced working hours to create targeted, tonally appropriate ad copy and creative content.

- **Enhance keyword optimization with NLP.** Use AI to analyze ad text, identify key phrases, and suggest related terms to improve the relevance of your keywords and ads, streamlining your keyword research process.
- **Automate content ideation.** Harness generative AI to generate relevant and engaging social media content ideas that resonate with your target audience, saving time and maintaining your brand voice.
- **Craft accurate product descriptions.** Leverage advancements in AI to develop more effective product descriptions on retail media platforms, reducing manual effort and leading to higher conversion rates.
- **Deliver personalized shopping experiences.** Use improved AI-generated product descriptions to create more personalized shopping experiences for your customers, increasing loyalty and customer lifetime value.
- **Streamline ad performance analysis.** Implement AI-driven analytics to monitor and adjust your ad campaigns more efficiently, allowing for quicker optimizations and data-driven decision-making.

Search: improve keywords and ads with AI

AI algorithms can enhance keywords and ads through natural language processing (NLP) to identify key phrases and suggest related terms for improved relevance. AI can optimize keyword bids in real-time, enabling advertisers to maximize their budgets and target audiences. Machine learning models can predict user behavior

based on historical data, offering insights into keywords for successful campaigns. AI algorithms can analyze competitors' ads to help marketers stay ahead.

Social: generate more engaging posts

Creating relevant social media content requires consistently generating engaging ideas that entertain while maintaining brand voice. Generative AI has proven to be a valuable tool for generating social media content ideas, but human expertise and sufficient information are necessary to produce relevant ideas. As AI technology progresses, it will become increasingly capable of generating ideas that resonate with target audiences, analyzing user engagement, and optimizing content for maximum reach and impact.

Retail media: craft more accurate product descriptions

Retail advertisers recognize that accurate and compelling product descriptions drive conversions. As AI advances, tools for crafting compelling product descriptions on Amazon, Google, and other retail media platforms will likely improve. This will lead to more personalized shopping experiences, optimized product listings, and increased conversion rates.

Mid-term impact: integration of AI into ad systems

As generative AI becomes increasingly prevalent, publishers and technology vendors are poised to integrate these advancements into their existing tools. This will augment operations within the current marketing stack, accelerating and refining routine tasks. The emergence of previously unattainable use cases will give rise to new best practices, driving innovation and unlocking novel opportunities in the marketing landscape.

- **Implement real-time media adjustments.** Utilize AI to dynamically adjust your media strategy keeping your organic and paid content fresh and competitive.
- **Gain deeper audience insights.** Employ generative AI to uncover new demographics and develop targeted content strategies that engage previously overlooked audiences, expanding your reach and brand presence.
- **Enhance ad targeting with AI.** Leverage AI to serve more relevant ads, create data feedback loops for continuous ad relevancy improvements, and optimize your advertising spend, ultimately increasing ROI.
- **Secure top search result spots.** Use AI to outperform competitors and secure prime positions in search results for specific consumer queries, enhancing brand visibility and driving traffic.

- **Automate cross-channel campaign management.** Integrate AI-powered tools to manage and optimize campaigns across multiple channels, ensuring seamless coordination and maximizing overall performance.

Search: revolutionizing SEO with AI

Search results are poised to change dramatically, with Google planning to introduce AI enhancements, including visual and text responses to search prompts. As a result, marketers may need to overhaul websites to provide helpful, glanceable information to maintain search rankings. In addition, to stay competitive, businesses must invest in AI-driven SEO strategies, such as real-time content optimization, semantic search optimization, and advanced analytics, to monitor and adjust their SEO efforts.

Social: gaining deeper audience insights

Social media platforms currently offer advertisers access to audiences based on expressed interests in their products or related activities. Generative AI, capable of analyzing millions of data points, will allow advertisers to match ads with audiences based on behaviors and interests not explicitly shown on the platform. This technology will enable advertisers to discover new audiences and develop content strategies to connect with previously overlooked demographics.

Retail media: personalizing search results

As AI-powered search becomes more precise and results more personalized, consumers will expect this level of customization across all platforms. Retailers must integrate NLP technology into their search engines to accommodate searches for options, features, and details not necessarily matching product description keywords. To meet user expectations, businesses must prioritize AI-driven search result personalization.

Long-term impact: evolution of AI-assisted consumer behavior

The long-term impact of generative AI on marketing is on consumer research and purchasing behavior—Microsoft refers to this technology as "co-pilots" and uses it to provide customers with expert assistance and recommended search terms.

This technology will be polarizing as it represents a major shift in how people shopped for decades. As a result, consumers may develop preferences for human influencers over AI-generated results or vice versa. People will likely choose between

the two based on the type of purchases, with impulse buys influenced by AI and significant purchases requiring extensive research and human reviews. Navigating this unprecedented shift will require a hybrid approach for consumers.

Marketers must understand how this shift will impact their target audiences to best adapt their programs to reach and engage new shopping behaviors either assisted by—or as a reaction to—AI.

- **Adapt to new consumer search patterns.** Incorporate NLP tools into your search marketing strategies to accurately predict and respond to evolving consumer search behavior across devices and platforms.
- **Emphasize the importance of human touch.** As AI integration into search engines grows, recognize the value of human testimonials and influencers in navigating the vast pool of AI-recommended products and creating authentic connections with your target audience.
- **Leverage influencer power.** Capitalize on the growing role of social media influencers in the buyer's journey by skillfully partnering with them to promote your brand and reach new customers.
- **Demonstrate utility in retail media.** Showcase value to customers through detailed product descriptions and AI-informed media buying strategies, ensuring your brand remains relevant and competitive in an AI-driven market.
- **Navigate the shift with a hybrid approach.** Adapt to the unprecedented changes of generative AI by combining human expertise with AI-driven strategies, allowing you to thrive in a rapidly evolving marketing landscape.

Search: adapting to new consumer search patterns

Generative AI will enable consumers to search more complexly, moving from rigid criteria to conversational, advice-seeking queries. As a result, search marketers must incorporate NLP tools into their strategies to accurately predict consumer search behavior across devices and platforms.

Social: the importance of a human touch

Social media influencers are increasingly vital in the buyer's journey. As AI integration into search engines grows, consumers may rely more on human testimonials to navigate the vast pool of AI-recommended products. As a result, influencers will gain more power, and brands must skillfully leverage their influence.

Retail media: emphasizing utility

As AI co-pilots suggest numerous targeted products based on users' online activity, consumers may need less assistance from retailers for product discovery. However, marketers must demonstrate value through detailed product descriptions and AI-informed media buying strategies to remain relevant.

Center marketing strategies on generative AI

Marketing strategies centered on AI should focus on the present, the future of search, and how this future will affect consumer behavior. As generative technology advances, we can expect more efficient processes, new monetization methods, and shifts in consumer purchasing behavior. Businesses must adapt to these changes and leverage AI to enhance their marketing strategies.

What you should be doing this year:

Embrace generative AI for innovation and growth. Exploit the early stages of generative AI for idea generation, concept development, and system troubleshooting. Nevertheless, proceed with caution...

Recognize the potential pitfalls of AI tools like ChatGPT. They are still experimental, so it's crucial not to rely on them as complete solutions. Test the technology, but always ensure human review and oversight of AI-generated content for customers.

Establish clear policies for AI implementation. Due to the risks of bias, inaccuracies, and plagiarism, create well-defined guidelines for integrating and monitoring AI-generated content within your organization.

Support your team members in the AI transition. Generative AI may seem intimidating, but it can also enhance employee performance and skillsets. Address their concerns and engage them in the process, as they will likely spot potential problems first.

Evaluate and track AI systems consistently. It's vital to ensure generative AI applications you use maintain transparency in training and take necessary steps to prevent hacking, algorithmic bias, and copyright infringement. Implement an external audit board and a "red team" to test systems for vulnerabilities.

Strategize for the future with AI in mind. Generative AI will transform multiple industries, with changes occurring incrementally before increasing rapidly. Planning

early can help your organization maximize AI's advantages while mitigating the risks of falling behind in the competitive landscape. Don't become obsolete like a carriage-maker in the age of automobiles.

As AI technology continues to progress, we can anticipate more innovative applications of AI chatbots in the paid search advertising space, fundamentally transforming marketing strategies and consumer experiences.

About Skai™

Skai (formerly Kenshoo) is a leading omnichannel marketing platform that uniquely connects data and performance media for informed decisions, high efficiencies, and optimal returns.

Its partners include Google, Meta, Amazon Ads, TikTok, Snap, Walmart Connect, Instacart, Roundel, Criteo, CitrusAd, Pinterest, Microsoft, Apple Search Ads, and more.

For over 15 years Skai has been trusted by an impressive roster of brands including Pepsico, Michaels, Reckitt, Daimler, LG and Vodafone. The company is headquartered out of Tel Aviv, with seven international locations, and is backed by Sequoia Capital, Arts Alliance, Tenaya Capital, Bain Capital Ventures, Pitango and Qumra Capital.