

The ACXIOM logo is positioned in the top left corner. It features the word 'ACXIOM' in a white, sans-serif font. The letter 'X' is stylized with a white arrow pointing to the right, integrated into its structure. The background of the entire page is a dark, abstract composition of glowing human profiles in shades of orange, red, and blue, with dynamic light streaks and a diagonal orange line running from the top right towards the bottom right.

ACXIOM

Overcoming AI's Pinocchio Paradox

A practical, tactical guide to fueling
your marketing AI with the right data

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AI gives marketers great power

Artificial intelligence (AI) gives people unprecedented power. The power to intelligently automate complex tasks. The power to innovate faster than ever before in science, medicine, and industry. The power to make sense of vast, unstructured data to predict outcomes and improve decision-making.

It also enables new levels of personalization, whether that's tailoring individual learning experiences in the education sector, or manufacturing bespoke products to meet the needs of different consumer groups. And it's this ability to personalize that gives marketers enormous benefits.

By taking data from a continually expanding range of channels and devices, AI can understand the nuances of customer behavior at scale, and predict what they're likely to want or need, sometimes before they even know it themselves.

Our latest research, [Where AI and Marketing Collide](#), reveals 83% of brands believe using data and predictive analytics to improve the customer experience will be a key source of competitive advantage over the next five years. And AI can be used to create unique, tailored experiences that help brands acquire, retain, and grow strong customer relationships.

But with great power comes great concern

The unprecedented power of AI does come with crucial concerns that must be taken into account as its influence grows, not just on marketing but across all aspects of human life.

- **Data security:** With AI systems processing vast amounts of personal data, there's a need to address the risk of data breaches that might result in identity theft or fraud.
- **Transparency and control:** Consumers want greater control and transparency over how their personal data is used to make decisions that impact them. AI can't just be a 'black box'.
- **Bias and discrimination:** AI systems must be prevented from perpetuating biases in their training data that could lead to discrimination based on gender, race, or socioeconomic status.
- **Invasive personalization:** There's a thin line between being helpful and being intrusive, so marketers must ensure customers are comfortable with personalization.



AI is a bit like fire. When you know what you're doing, it can be used in positive ways, like warming your home in the winter. But when you get it wrong? It might just burn that house to the ground.

Data as the consciousness of AI

It might sound like you've got a mountain to climb to get AI right. But it actually comes down to something pretty basic. It's all about good data.

Think about how humans develop a conscience and consciousness. We gain knowledge through experiences and absorb information from our surroundings over long periods of time. We store every experience in our short- or long-term memory, and we're constantly recalibrating our perceptions, thoughts, and feelings as new information becomes available to us.

Now think about Pinocchio, the wooden puppet from our childhood stories. The Blue Fairy advises him to "always let your conscience be your guide" (at least in the Disney film). But Pinocchio has no conscience (or consciousness) because he hasn't had any experiences or the chance to absorb knowledge. With no experience to help him tell right from wrong, he's just as likely to make mischief as he is to "be a good boy."

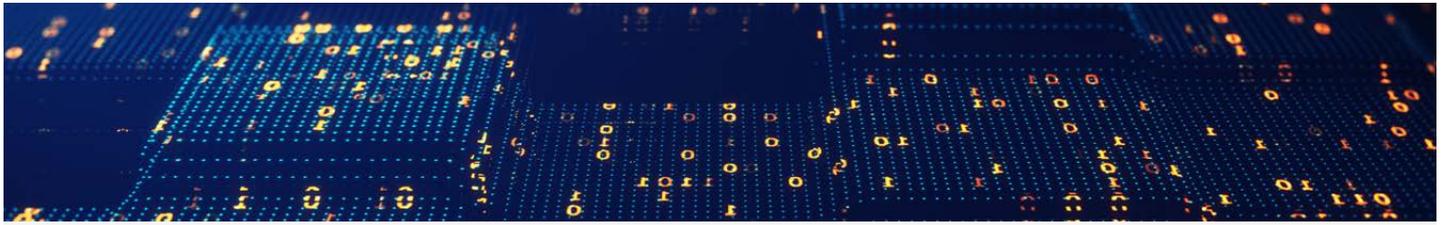
AI is the modern-day Pinocchio.

AI's intelligence is made or produced by humans rather than occurring naturally. Instead of gradually absorbing information from its surroundings and building up knowledge through experiences, AI is given datasets from which to learn and draw context. So it's essentially data that gives machines an artificial version of consciousness. The quality and completeness of that data have a direct result on the effectiveness of AI to deliver useful outcomes. It makes the difference between AI being a force for good and a high-risk route to catastrophe.

Fortunately, there are some simple steps you can take to be sure you're feeding your marketing AI's consciousness with good data.



Four steps to producing data fit for AI



Step one: Use trustworthy data sources

It's vital to make sure the data you use to train your AI is trustworthy. Most brands will start with their own first-party data, which you would expect to be as trustworthy as it gets. But even here marketers need to make sure they're collecting first-party data signals across all channels – in an ethical way – and that their data is unified and accessible. Fragmented, siloed first-party data can easily mislead your AI.

In addition, brands will often enrich their first-party data with third-party demographic, propensity, and life stage insights. This provides a rich internal and external perspective that enhances AI's understanding and accuracy and fortifies its predictive capabilities. But only if the data is trustworthy.

Third-party insights are often needed to complete and grow a brand's data to a point where it's expansive enough for AI to make meaningful decisions. When AI has insufficient or incomplete data its predictive analytics can fill the gaps with foundationless assumptions, drawing from its extensive but sometimes misleading training, which can result in hallucinations. Essentially – without enough of the right data – your AI could be lying to you and your customers.

Step two: Perform regular data hygiene

Even when your data comes from trustworthy sources, you still need to conduct regular data hygiene checks to make sure it is clean, correct, and up to date. Data hygiene might not sound like the most exciting of activities, but it's absolutely critical to get the exciting results you want from your marketing AI.

We know that even the best customer data decays, with around 30% becoming obsolete every year. People move between houses, get married (and divorced), change jobs, swap cars, have children, and discover new hobbies. They change their email addresses and telephone numbers.

By eliminating errors and inconsistencies in your data, as well as making sure it is as complete as possible, you can make sure the decisions your AI makes are based on solid, reliable truths about people, not on flawed information. AI can only be as reliable as the information it processes, so you need to make sure that data really is an accurate truth set.

Step three: Establish a robust identity spine

People engage with your brand through different online and offline channels and leave different signals behind at every engagement. AI needs to connect these signals together to understand the unified customer journey, rather than making decisions based on a fragmented touchpoint-by-touchpoint view. This can only be achieved with a robust identity spine.

By creating a private identity graph for your brand, you can bring together all your first-party data, anchor it to a reference graph that contains accurate census-level data about the entire population, and enrich it with third-party data containing demographic and behavioral insights. This gives your marketing AI the full story – a unified customer view across all channels, at individual and household levels.

Step four: Make consent consistent

Gaining explicit consent to collect and use customer data is likely to become a legal requirement as new state legislation in the US starts to mimic the EU's General Data Protection Regulation (GDPR). The GDPR handbook requires consent to be specific, freely given, informed, and unambiguous.

But there's more to consent than just legalities – it's critical to ensuring the use of technologies such as AI is fair and respectful. Consent is an agreement that makes sure AI uses a customer's information the way they want, not just how it wants. As AI is used more widely, and not just for marketing, gaining consent isn't only about following rules, but about making sure AI respects people's views and preferences – guarding against the misuse of information.

Getting started with AI-ready data

AI gives marketers great power to understand what their customers want and need and to engage them with meaningful experiences at scale. But to avoid it becoming a mischievous, modern-day Pinocchio for your brand, AI must be powered by a clean, complete and ethically sourced data and identity layer.

Working with a trusted partner can help you implement the steps outlined above, so you can make sure AI is helping and not hindering as you pursue your marketing goals. At Acxiom, we understand that in a world transformed by AI, your data foundation is everything. And we have the knowledge and expertise to support you every step of the way. Get in touch to find out more.

Let's talk

About Acxiom

Acxiom® is the global leader in customer intelligence and stands at the forefront of AI-enabled, data-driven marketing. As part of the Interpublic Group of Companies, Inc. (IPG), we specialize in high-performance solutions that boost customer acquisition and retention while fueling growth for the world's biggest brands and agencies. We transform omnichannel marketing strategies and execution using our AI-powered data and identity foundation, cloud-based data management, and martech and analytics services. For over 55 years, our teams across the US, UK, Germany, China, Poland, and Mexico have helped businesses optimize their marketing and advertising investments while prioritizing customer privacy.

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