

Generative AI in Marketing Agencies: Implementation Drivers and Outcomes

Introduction

Generative Artificial Intelligence (GenAI) is reshaping the way marketing agencies develop and offer successful advertising and marketing campaigns. GenAI offers competence and skill sets that are required for agencies, including data-driven hyper personalization and automated content creation (Iyer and Bright, 2024). Marketing agencies who adopt GenAI to meet dynamic customer needs may be able to gain a competitive advantage. However, the rapid implementation of GenAI applications raises critical concerns about ethical risks, marketing outcome employee well-being (Chowdhury *et al.*, 2024; Rana *et al.*, 2024). Despite GenAI's potential benefits, there is a pressing need to scrutinize the drivers behind GenAI implementation and its potential benefits and risks when marketing agencies engage with business clients.

Research objectives

1. To examine whether and how technological, market, and organizational factors lead to marketing agencies' implementation of GenAI.
2. To investigate how agencies' GenAI implementation affects ethical risk, employee performance, and operational marketing performance with a consideration of the moderating effect of organizational ethical culture.
3. To evaluate the interrelationship among ethical risk, employee performance, and operational marketing performance under the implementation of GenAI.

Literature review

The implementation of GenAI in marketing agencies may be propelled by technological factors, market forces, and organizational ambitions. Technological advancements, such as sophisticated algorithms and machine learning capabilities, enable agencies to deliver personalized content at scale (Deng *et al.*, 2024). However, these advancements, while they drive efficiencies, they introduce significant risks, particularly in human-centric applications. Similarly, despite the potential for enhanced hyper-personalization, there may be resistance among marketing agencies due to acceptance challenges, suggesting a disconnect between technological possibilities and practical realities (Iyer and Bright, 2024).

Competitive pressure and evolving customer needs may compel agencies to adopt GenAI to remain relevant (Cillo and Rubera, 2024). Yet, this rush to adopt AI-driven solutions may overlook critical considerations of organizational ethics and employee outcomes, which further increase or decrease operational marketing performance. AI-based decision-making, driven by market demands for efficiency, can lead to unintended consequences, such as diminished transparency and increased bias (Papagiannidis *et al.*, 2023). This indicates that external pressures may increase ethical risks rather than mitigate them.

Organizational factors like the pursuit of efficiency, cost reduction, and enhanced creativity further drive GenAI use (Rana *et al.*, 2024). However, while GenAI can reduce labour costs and streamline operations, it may negatively impact employee creativity and satisfaction due to the automation of roles traditionally held by humans (Hui *et al.*, 2024). This suggests that

the short-term gains in efficiency could be offset by long-term declines in employee performance and morale.

High levels of GenAI integration can lead to significant organizational performance gains through exploitative innovations (Singh *et al.*, 2024). Yet, this may come at the expense of increased ethical dilemmas and reduced employee engagement. Consequently, scant evidence exists in terms of a strategic framework that balances innovation with employee concerns, because without careful management, GenAI implementation may do more harm than good (Chowdhury *et al.*, 2024). GenAI has the potential to improve efficiency and customer engagement but only if user acceptance is secured (Iyer and Bright, 2024). Ethical lapses can hinder this acceptance, negating performance gains at the employee and organizational levels.

Methodology

This study employs a mixed-methods approach, starting with 20 in-depth interviews to refine the proposed model (Figure 1). The interviews will be conducted with employees from UK marketing agencies who are involved in GenAI implementation when working with their business clients. Following this, a structured survey, which will be distributed to a larger sample of 300 participants within the same demographic. The quantitative data collected will be used to test the hypothesized relationships.

References

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