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THE ARTIFICIAL INTELLIGENCE IMPROVEMENT FOR THE PRIVATE RETAIL CORPORATION MARKETING

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ABSTRACT

This study aims to determine and analyze the important role of marketing that it drives conduct to the artificial intelligence and cooperation with large e-commerce among firms to enter digital business. The business model of private companies in the retail could base on the avant-garde newest technology improvement. The underlying theory is the theory of business organization and sustainable business growth that should be focus on marketing aspect. The analysis data could base on the SEM approach with SmartPLS devices and the population of this study is all respondents who have done for buying consumers goods of the business outlets. The expected result to find of the marketing strategic of a sustainable business model with cornerstone of technology development based.

KEYWORDS: Artificial intelligence, e-commerce, private retail firms marketing.

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1. INTRODUCTION

One of the best retails was the Super Indo ranked third with a sales value of US \$ 432.5 million, also, the Lotte Mart company is ranked fifth. This wholesale retail from South Korea recorded a sales value of US \$ 305.4 million. The total value of wholesale retail sales was recorded at US\$ 7.9 billion in 2020. This value is obtained from 1,794 outlets spread across Indonesia. (<https://databoks.katadata.co.id/datapublish/2021/11/25/10-perusahaan-ritel-grosir-dengan-nilai-penjualan-terbesar-di-indonesia>, 2023).

The existence of cities is important for many private retail companies and satellite cities are attractive places to invest in the business districts. Among region have different characteristics and problems and related to the digital sector in general is a matter of how to market products through the digital market. The cooperation with large e-commerce companies are needed by the region, including to train and prepare MSMEs to enter digital business. To harness and develop sustainable economic potential. The importance of the role of the city district area according to the advantages. (<https://databoks.katadata.co.id/press-release/2021/11/30/delapan-daerah-potensial-untuk-investasi-di-sektor-digital>, 2023)

In 2023, of the eight components or categories in the Bank Indonesia (BI) Real Sales Index, in the food, beverage and tobacco group, with an index of 278.3 in February. The phenomenon of many people is still refraining from recreation or shopping for clothes. Activities to decorate or equip household needs are also delayed from the results of the Bank Indonesia retail sales survey. For financial performance, three outlets: Alfamart, Indomaret, and Alfamidi recorded profits. Hero and Hypermart, on a consolidated basis, have suffered losses in the past five years. (<https://datanesia.id/5-perusahaan-ritel-supermarket-terbesar-di-indonesia/>, 2023)

The retail industry certainly produces a lot of data such as sales data, customer behavior data. The amount of data can be strength if it can be processed and used properly. Its use can be useful for operational efficiency, financial efficiency, business decision making to innovation. Retail companies that have complete data and a smooth data retrieval process can easily manage data for analysis and calculation in company management. Not a few retailers are overwhelmed by managing their data due to limited experts and the number of employees. In retail management, managing its business processes, the better the customer service. Technology that can help the retail industry to manage so much data is Artificial Intelligence (AI) technology. Artificial Intelligence (AI) is a simulation of human intelligence in a machine programmed to think like a human and mimic his actions and there retail industry has become a digital transformation. AI technology has increased speed, efficiency, and accuracy in every branch of the retail business. Analytics systems help companies make data-driven business decisions and in retail have empowered businesses with high-level data and information leveraged for better retail operations and new business opportunities. Artificial Intelligence in the retail industry provides *better demand forecasting* by gathering *insights* from *marketplaces*, consumers and competitors to predict the movement of the retail industry and make proactive changes to the company's marketing, *merchandising*, and business strategies. These predictions also have an impact on *supply chain* planning, pricing and promotions.

Artificial Intelligence can provide *Advanced Customer Relationship Management (CRM)* and *marketing systems* to study consumer behavior and preferences. Based on this analysis, customer demographic profiles are obtained to purchase data and consumer searches. This information can be utilized for further marketing strategies such as promotions and adaptive content that can be personalized for consumers in certain categories. Artificial Intelligence in customer service can be in the form of *interactive chat bots* and *adaptive user interfaces*. Interactive chat bots use AI and machine learning to communicate with consumers such as answering frequently asked questions and directing them to expert staff if customer requests require special handling. Adaptive user

interface with AI can recognize and interpret facial cuts, biometrics, and audio to provide a better shopping experience.

An AI-powered logistics management system analyzes the amount of inventory, labor, distribution, and delivery in *real-time* to create the most efficient supply chain, which will improve the performance of the retail company itself because the *supply chain* greatly affects customer satisfaction. So much help can be provided by Artificial Intelligence especially in the retail industry that has so much data and keeps up with the development of this technology. <https://www.netmarks.co.id/post/artificial-intelligence-for-retail-industry> (2023)

Artificial intelligence marketing technology is widely used by large companies because it has many benefits, such as reducing risk, accelerating decision making, growing consumer satisfaction, and increasing revenue. The benefits of using *quantitative artificial intelligence* marketing are related to sales and the level of consumer satisfaction. In addition, there are still many benefits that can be felt by applying *artificial intelligence* in marketing, including: 1). Companies can analyze the most effective ad placements to engage consumers more consistently and get maximum *Return on Investment* (ROI) from an ad campaign. 2). Personalize messages to consumers in a timely manner. 3). Identify targeted audiences and target consumers with information that makes them engage directly with the company. 4). Data will be analyzed faster using machine learning to draw optimal conclusions based on the campaign being run and the context of the consumer. 5). Holistic about their activities that can be used on various advertising channels and budget advertising costs properly.

<https://digiads.id/insight/contoh-penerapan-artificial-intelligence-untuk-digital-marketing> (2023)

The artificial intelligence more advance that it could help for the strategic marketing plan to market penetration in this decade (Dogru et al., 2023)(Russo-Spena et al., 2019).For this reason, researchers want to develop a collaboration- research model on the real business of the retailed private companies in Indonesia, based on theoretical studies that are relevant to the development and improvement of digital-based cooperation patterns that it leads with the artificial intelligent marketing. (Arnaboldi& Spiller, 2011; Gasson& Waters, 2013; Güngör, 2020; Zhang et al., 2023)

2. LITERATURE REVIEW

An artificial intelligence marketing

The Grand theory in this study, according to Hult (2011), is related to organizational theory and business growth that collaborate sustainably. Indeed, the Network theory involves creating a blend of strong and weak bonds between nodes that correspond to the needs of the company in order to maximize the company's performance.

The practice theory base on (Quaquebeke&Gerpott, 2023), an automation of regular managerial tasks would imply a paradigm and the AI tools will likely take over among certain jobs, as we can see in advertising (e.g., agencies allocating budgets based on AI predictions), in finance (e.g., the daily trading), or in operations (e.g., increasingly mathematical models among ordering, sales) that it should leads by the digital transformational leaderships to make some decisions maker within the strategic business for the future.

An artificial intelligence marketing for retail business should aware same parameter pertains; the content marketing to make among potential consumers to watch an interesting thing, the marketing operation within retail business, the consumer behavior, an experiential marketing, integrated digital marketing, and market research (Chintalapati& Pandey, 2022).

Network theory describes, explains, and predicts relationships between related entities and the strong bonds could often formed on a case-wide basis throughout the marketing organization in the network base on the digital firms- framework. The marketing needs of the company must be made proactively to maximize marketing performance for each marketing organization in the network. Actors (e.g., marketing organizations, marketing professionals), activity links (e.g., forming supply chains involving multiple actors), and resource ties (e.g., shared market orientation efforts among marketing organizations) tie networks together.(Hult, 2011; Hultin et al., 2021)

The consumer orientation

The purchase intentions within entire consumer would determining by e-commerce platform in retail business and also the role of understanding influencer marketing that it could leads to congruence between; consumers corporation, the product development and among consumers need (Belanche et al., 2021; L. Chen et al., 2021; N. Chen & Petersen, 2022) .The most important to pursue marketing performance was consumer oriented that among marketer and researchers should aware to the consumers ready to accepted the marketing artificial intelligent within many industrial retail business improvements in this decade (Liang et al., 2020).The role of CSR business communication would impact to pursue shareholder value in business development that it conduct with well reports and corporation web (Kim & Kim, 2019) .The business communication according to Naidoo and Dulek base on the artificial intelligent to care the well relationship entire consumers in industrial business (Naidoo &Dulek, 2022).

The creating corporation to make among consumer aware the product and branding improvement base on the positive marketing theory (Gopaldas, 2015; Russo-Spena et al., 2019).The value to deliver for customers need should be create that it could conduct within an artificial intelligent by among corporation (Güngör, 2020).

The Framework and Hypothesis Development

Importantly, the research framework is very important in this research and the analytical (Malhotra et al., 2017) model is a series of variables and their interrelationships, designed to represent a whole or part, some real system or process. The framework would exploration within the model business development base on the business and management theories. The research model developed can be seen in figure 1 below:

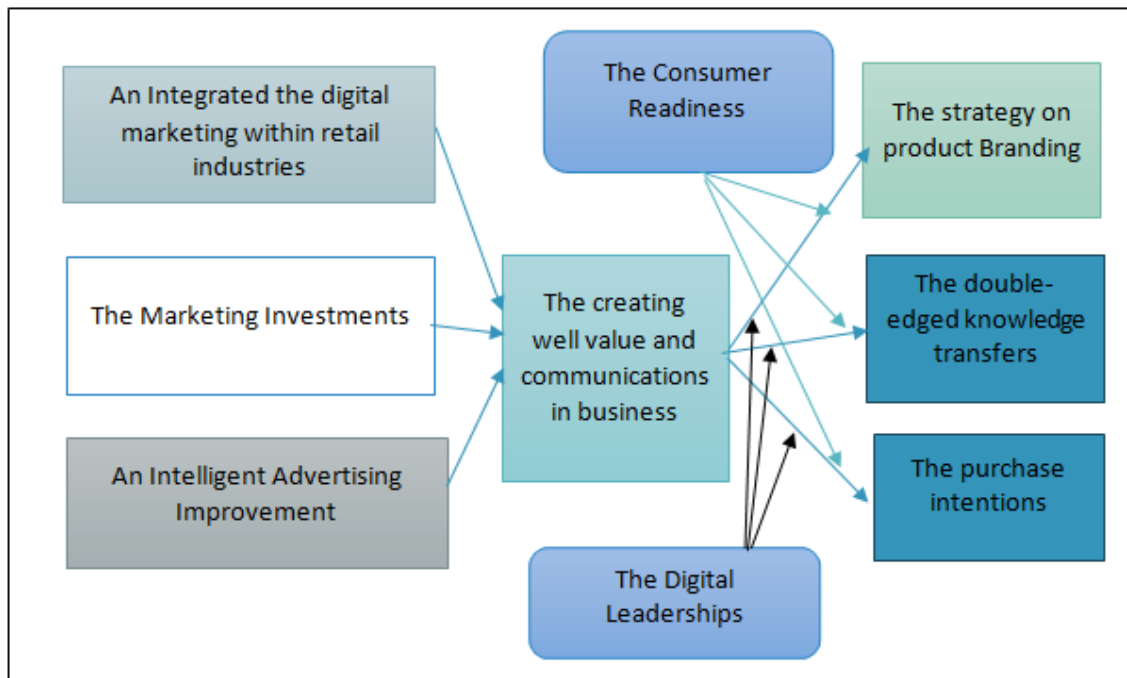


Figure 1. Development of Research Model on Sustainable Retail Industry based on AI.

The Hypotheses development

Base on the figure 2 upper, the scholars would to develop of entire hypotheses that it pertains;

H_A: There are have entire independents construct that would leads to the strategy on products branding, the double-edge of knowledge transfers and the purchase intentions.

3. RESEARCH METHOD

This study would conduct used a descriptive method propose within the quantitative marketing research methods to make the new conclusion to improve the purchase intentions that it cornerstone by the AI for marketing aspect (Malhotra et al., 2017).The descriptive research is a type of conclusive research that has as its major objective the description of something, usually market characteristics or functions. Efforts to build this research concept will use a deepening approach to research gaps, by examining paradigm ontology and related to evolve the marketing scientific research carried out. The researchers also to conduct studies and relevant to marketing organizational and contribution to the body of knowledge of business theories and would evolve the management science. (Houghton et al., 2020; Raby et al., 2022)

4. DATA ANALYSIS, RESULTS & DISCUSSION

The technique of studying the data and information collected uses a *structural equation model* in addition to descriptive analysis. The suitability of the *structural equation model (SEM)* to confirm empirical data distribution patterns needs to be examined. The developed model is also used for predictive purposes. (Chang et al., 2016; Dhiman & Sharma, 2021)

The data analysis would conduct within the smartPLS that it pertains within the outer model to test the validity and the reliability capabilities also would testing the inner-model to make assessments the hypotheses testing.(Busca&Bertrandias, 2020; Herhausen et al., 2020)

The results of this study will allow finding the output and novelty of management and business research models scientifically. The findings of this research are predicted to be able to provide an element of scientific discussion for research related to collaboration business and network. (Ulaga & Loveland, 2014)

Indeed, to discuss about the result would compare within the previous research from marketing areas and focus to the digital marketing such as; AI, SEO and many aspects. (Busca & Bertrandias, 2020; Herhausen et al., 2020)

5. CONCLUSIONS AND RESEARCH CONTRIBUTION.

Importantly, our research result could have the successfully to predict among hypotheses base on the AI marketing improvement. (Heisterkamp, 2019; Khoshlahn & Ardabili, 2016) The conclusion of this research will also explore the model of business dimensions and indicators that are qualified and useful for the development of business and management science that it conducts to the AI implementation in the future. (Bolat & Korkmaz, 2021; Trinh & Wright, 2022a, 2022b)

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Declaration of conflicting interests

The scholar declared no potential conflicts of interest with respect to the investigated, authorship, publication within this manuscript.

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