

Ethics of AI in Marketing

Current State

- **Target:** used machine learning to determine customers likely to be pregnant
- **Facebook:** allowed housing ads to target based on race
- **Hypothetical:** machine learning could find, for example, that certain races are more likely to buy and target when illegal, etc.

- **2018 US Election:** Cambridge Analytica sold psychological profiles of American voters to political campaigns using Facebook user data mining
- **Hypothetical:** A consumer gets an automated phone call from a credit-card company that seems to know too much about them

- **Devumi:** helped companies boost their active following and brand perceptions using billions of fake accounts. They took real profile information from people and created fakes with different names.
- **Hypothetical:** The use of GANs to create deep fakes of users or their speech patterns such that real customers are engaged by people who look like their own friends.

Ethical Problems

Transparency

- **Internal:** the more accurate an algorithm becomes, the more complex and difficult to understand it becomes ("black box") -
- **External:** companies don't want to release their intellectual property, but require customer trust

Personal Privacy

- Consumers do not know what information is being collected about them or how to opt out of data collection
- Consumers have limited control over their personal data and how it is used

Fake profiles and Market Effects

- Social Media users are not aware of how their profiles or personality are being used to alter subjective realities of others online.
- Market asymmetries arise when companies begin trying to play to customers who are increasingly indistinguishable from their competitors' fake profiles.

Solutions

- **Internal:** (xAI) → simpler model that pulls out key insights from the complex model, but also allows manager to review certain areas in depth
- **External:** put responsibility on company (not algorithm), give customers the generic information about the algorithm

- **GDPR** - Individuals in the EU have a right to data privacy whereby:
 - Businesses must ask consent to collect data and be transparent about what is collected
 - Consumers can delete or modify their stored data

- **GDPR** - People can object to the processing of their "personal data" which includes deep fakes since personal data is defined as, "any information relating to an identified or identifiable natural person"
- Marketing professionals need to employ strategies of identifying bots and fakes that are being used by other companies to gauge the effect it has on their human followers.