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Monetizing GenAI Personas in Marketing

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AI-Powered Economics and Data Science Services

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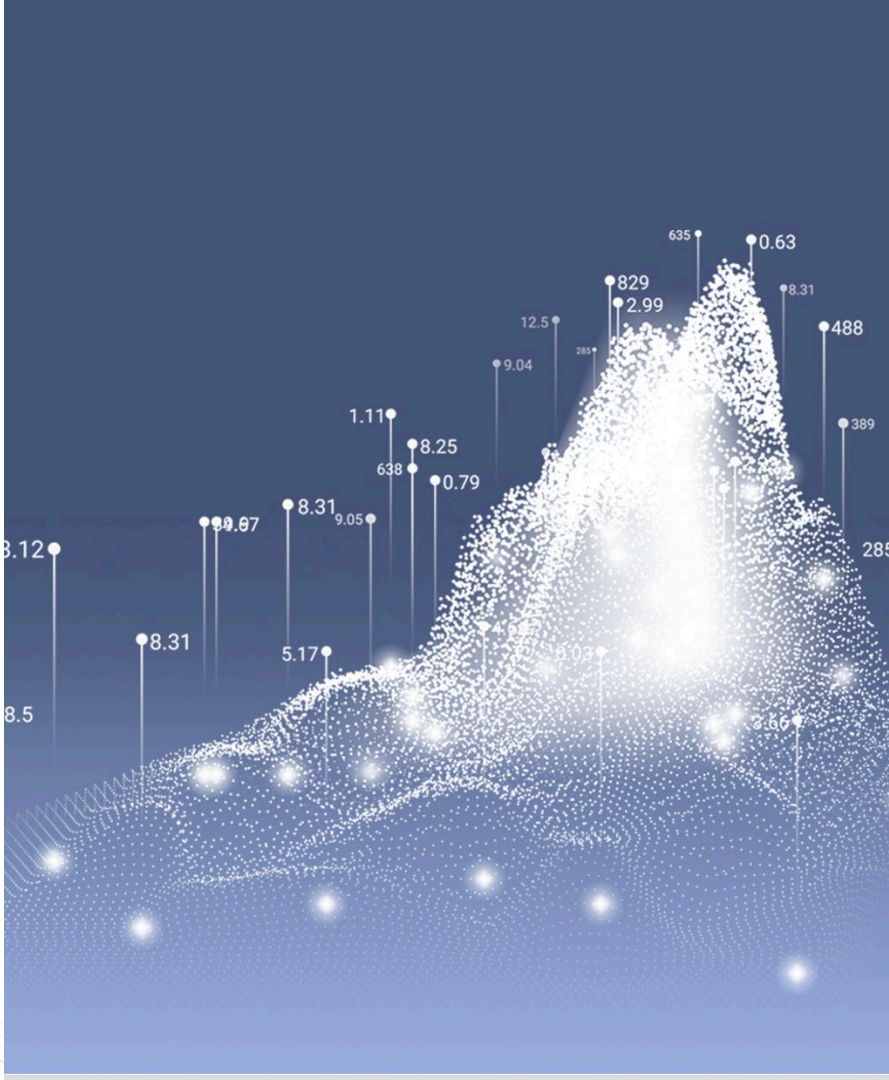

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Ben Westrich

- U.S Army Veteran, Bronze Star Recipient
- MSc in Economics, Purde
- PhD candidate, Economics, UCI
- **Founder of Warrior MMA and WFC**
  - Physical gym locations across the US
  - World-wide training program for gyms
  - Specializes in:
    - Small startup gyms
    - Underserved markets
    - Growing brand value

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Monetizing GenAI Personas

Agenda

This talk explores the potential for GenAI digital personas to reduce the marketing costs associated with optimizing campaigns for specialized customer segments

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Why AI marketing personas?

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Motivation: AI and Marketing Personas

- AI technology has rapidly advanced in several domains to the point where AI agents outperform their human counterparts
- Professional decision-making benefits greatly from super-human abilities like computation, ingestion of large amounts of information, translation etc.
- GenAI *appears* easy to use
- Why not build digital personas using GenAI?
- But can they be trusted to respond the same as a target customer to an ad?

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Motivation: Marketing challenges

- Traditional marketing relies on customer surveys and focus groups
- Particularly challenging in niche markets where preferences are substantially different from the general population, products are unique, available population from which to sample is small, geographically narrow
- High costs of sampling especially for small firms who operate in local markets
- Small samples
- “Digital twins” are cheap alternatives to expensive humans

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Does an AI have the same willingness to pay?

For a given set of customers can an AI learn their preferences?

Concerns:

- AI has more information
- AI has biased information
- AI may act as the median voter

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Study Setting:
The Warrior MMA Gym

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Background

Warrior MMA has their flagship location in Colorado Springs, Colorado.

- Population of Colorado Springs MSA is 755,105
- Population within normal gym commute range is 145,000
- Estimated that 0.5% - 0.7% of a given population will train in a combat sport
- Current gym membership is > 600
- Conversion rate on ads for remaining audience is low
- Due to space per customer constraints, advertising must target high WTP individuals

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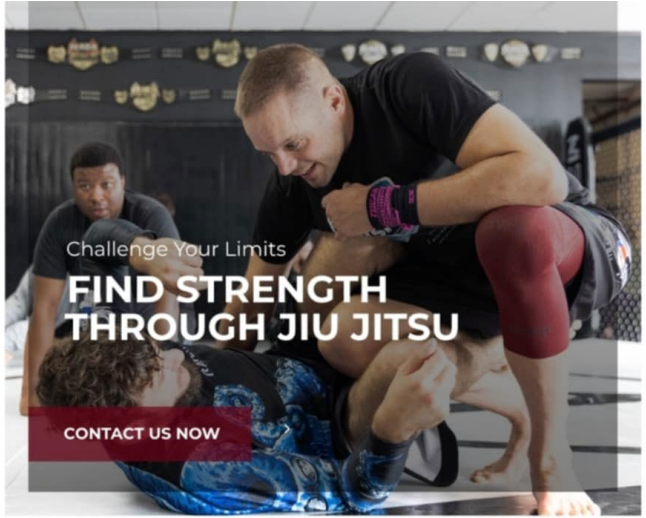
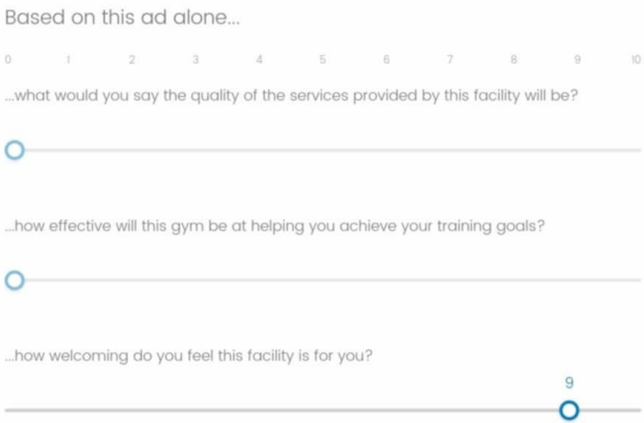
The Survey

- Target: Warrior MMA members w/ active contract
- 10 ads shown:
  - 7 previous gym advertisements
  - 3 gym ads chosen from the Meta ad marketplace
- 5 survey sections:
  - Demographics
  - Value
  - Ad aesthetics
  - Relative ad rankings





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Demographics

- Age: Between 18-45
- Gender: 72% male, in line with overall gym demographics
- Income: 42% earn over $100,000. Median household income in COS is $83,215
- Race / Ethnicity: Higher representation of minorities than in COS
- Education: In line with city demographics

Gym demographics match the city demographics

- Wealthier clients vs Higher WTP

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Findings

Value:

- Perceived service value from ads ranged between $30 and $240
  - The mean was $125
- Higher USD values were correlated with higher “yes” responses to:
  - “Would you pay a higher price for this gym than similar gyms/training?”
  - “Does this ad make the product appear worth its price”
- Three questions responses showed a statistically significant effect on perceived value:
  - “How effective… ,” with an effective size of $6.21 (p=0.00)
  - ”How welcoming…,” with an effect size of $1.86 (p=0.017)
  - “… communicate value,” with an effective size of $2.34 (p=0.014)

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Comparisons

ChatGPT performed generally well at predicting consumer behavior, however:

- Undervalued the service by an average of $31.75
- Underestimated high performing ads – by an average of 0.98
- Overestimated low performing ads - by an average of 3
- Generally ranked ads well, other than the top 3 performing ads

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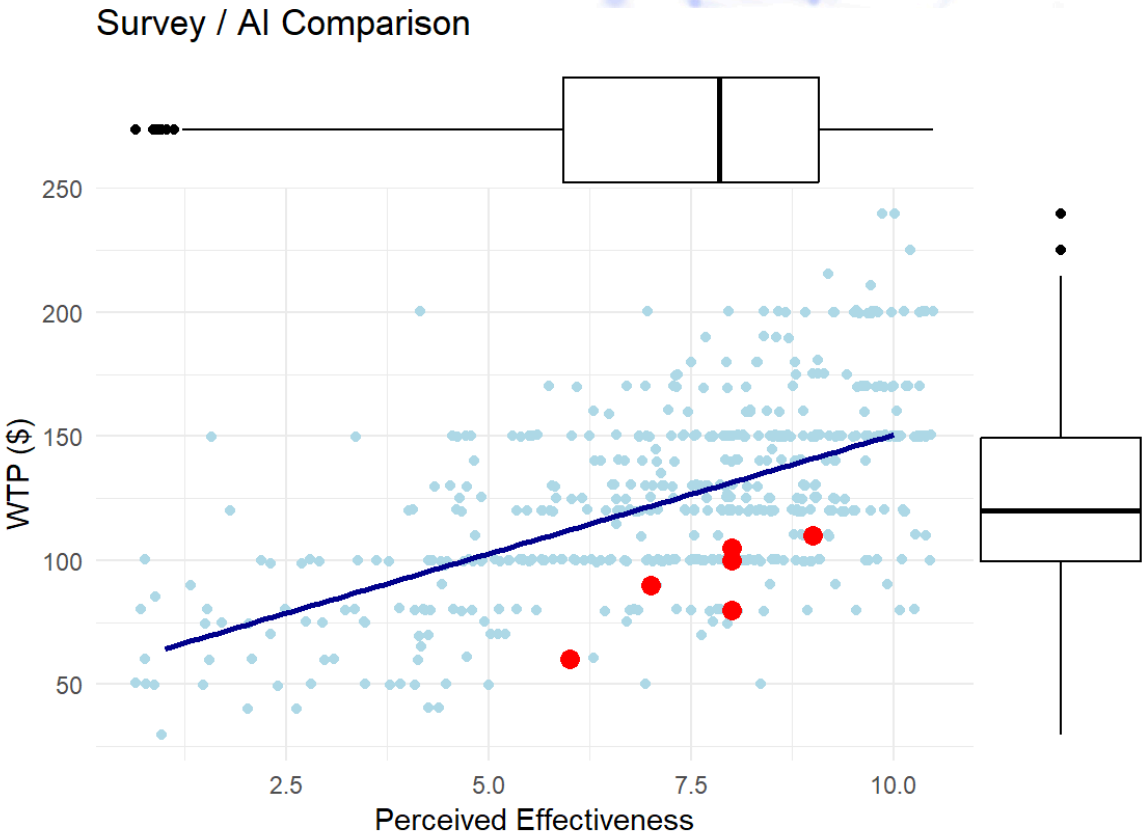
Survey / AI Comparison
250
200
150
100
50
WTP ($)
2.5
5.0
7.5
10.0
Perceived Effectiveness

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Creating AI Personas

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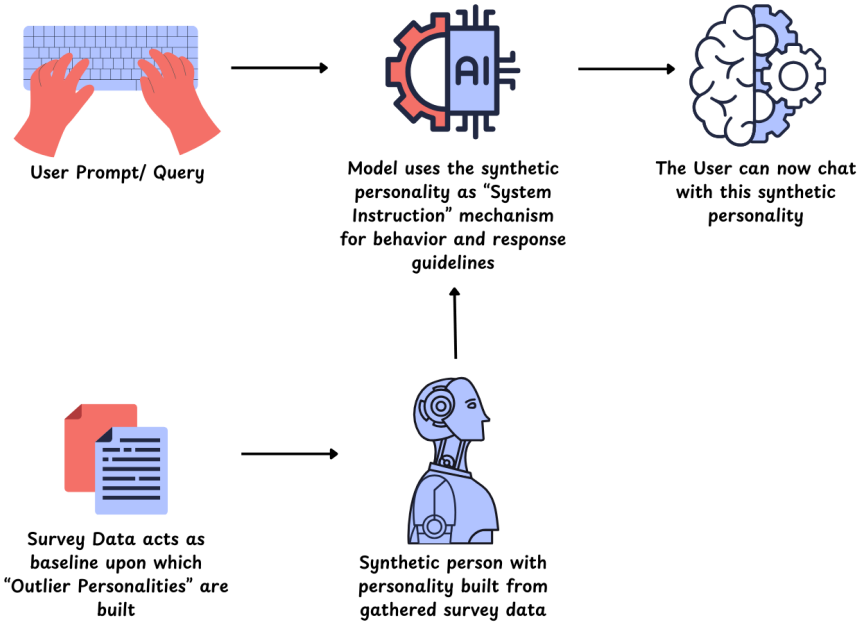
- **Synthetic Personality Creation**: Survey data provides a foundational baseline for crafting unique "outlier" personalities, enabling a diverse range of AI personas tailored to different user profiles and insights.

- **System Instruction Mechanism**: These synthetic personalities serve as system guidelines, directing AI behavior and response styles to align with the specific personality traits active in each interaction.



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Thank You!

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