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Obtaining Competitive Advantage with Advancement in Artificial Intelligence

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Abstract

Artificial Intelligence (AI) is widely now being used in business to increase efficiency in service delivery and to streamline operations. It is used for data analytics, natural language analytics,

detecting fraud, customer service by using a chatbox to engage customers, especially on websites and forecasting consumer behavior. Regarding Harvard review by Rebecca (2019), artificial intelligence will make a significant impact on businesses, especially when it comes to marketing and manufacturing. Embracing artificial intelligence fully provides a competitive dominance in the industry. Although artificial intelligence has its advantages when it comes to competitive advantage, it also has its disadvantages as well like lack of creativity and unemployment eating a gap calling for research.

Obtaining Competitive Advantage with Advancement in Artificial Intelligence

A lot of businesses today need to come up with innovative inventions and increased service delivery to stay ahead and to maintain competitiveness, especially in industries that are in the same field. For instance, mobile companies today are in the business of manufacturing phones that have the latest technology in them such as a faster facial recognition or fingerprint sensor and a more reliable operating system that does not lag after the phone has been used for some time. They release new phones back to back with the notion that the latest phone is much better than the previous model as it has been upgraded. Because of this phenomenon, artificial intelligence has found its way to the business world to help the business achieve its goal by being ahead of the game and delivering better quality service to its customers than its competitors. The paper will discuss how to obtain a competitive advantage with the advancement of artificial intelligence.

Competitive advantage is what makes a company's product to stand out better than other companies that offer the same product or services. Additionally, competitive advantage is connected to several factors such as quality of the product, branding, customer service and the cost factor. In competitive advantage, there are two kinds, comparative and differential advantage. A comparative advantage is when a company can produce a service or goods effectively than its counterparts and make a profit at the same time (David & David, 2016). For instance, Phone Company A manufactures their phones in China tend to experience low labor costs compared to companies that make phones in the United States. Meaning Phone Company A that produced their phones in China have good quality but sell at lower prices compared to the other phone companies; these guarantees increase profit to phone company A. Comparative advantage does not mean good quality products or services, but it shows that a company can sell

the same product of the same quality but at a lower price due to low-cost production. On the other hand, a differential advantage is a business that offers superior products in the market that is different from other markets. In this case, an example of a superior product in the phone industry is the iPhone from Apple. What makes a company have a differential advantage apart from superiority is the use of advanced technology, a brand identity that is strong and original patent products (Felten et al., 2019).

Artificial intelligence is a technology whereby machines tend to think like human beings, and this has been achieved so far by the use of special programs. A while back, having a business website was considered a bold move when it comes to marketing because it caught the customers' attention (Smith, 2020). Now, having a plain website has no advantage to it because for a business to reach a lot of consumers worldwide, the site needs to be fully optimized, and this has been made possible by using AI. Additionally, AI can translate the website to any language to further reach targets in countries that speak a different language. With such a strategy in place, customers will be flocking to the business's website because they feel a special connection to the brand in question, which in turn is good for business. So how does a business obtain a competitive advantage over their business counterparts with AI? AI has enabled companies to achieve a competitive advantage by doing the following. For companies that focus on manufacturing, an AI system can be incorporated into the machines to increase efficiency and reduce manual labor. For instance, in the phone manufacturing industry, without the use of AI during the manufacturing process, the number of phones produced in a week could be 50,000 pieces. In this era, that quantity is less because this means for the company to produce 500,000 pieces it will take longer, and their business rivals will overtake the company. In the case the same company gets to incorporate the use of AI in manufacturing, the number of phones

produced will double in a week because of the efficiency brought about by AI. The company can purchase AI software from companies that make them or employ engineers who can upgrade their system to incorporate AI. In turn, the company will save time and money when it comes to production and will improve the company's operations (Valencia et al., 2019).

As mentioned earlier, AI can be incorporated into a company's website, and this can increase the competitive edge of the company; this increases efficiency in marketing. In this case, AI can learn and offer countless awareness, especially on how, where and when to market. In such a case, AI can know customers on a uniquely personal level based on the fact that it can detect consumer behavioral patterns. For instance, this can be seen in company websites like Amazon, and the AI can follow the customer's behavior pattern while they are on the website based on what they purchase. The site can recommend similar products to the user instantly based on the consumer's activities on the platform. In turn, this increases efficiency when it comes to marketing because consumers can buy more products from the site based on the recommendations (Fowler, 2020). Companies in the same market that have not incorporated AI in their websites lack this kind of advantage. Businesses that have incorporated AI have increased security protection, especially when it comes to data breaching. AI can follow and keep track of any changes that may occur on the site that seem suspicious. Thanks to advanced technology, AI can stop security breach from taking place; this protects the company's confidential details from being leaked to the public. AI offers a competitive advantage in this case because of the security it provides at a time where security breaches are rampant.

AI can allow companies to learn about their sales behavior by identifying what marketing strategy worked and which one did not do well in that, it can predict future sales based on past activities. In such a case, the company can work on the area where they did not do well to stay

ahead in the market. For instance, in a mobile company scenario, incase their sales have dropped in the past months, or their mobile phones are not selling like they used, with AI in place, it can analyze the cause of a decline in sales and offer a predictive solution of what can be done to improve the sales. In this case, the mobile company can provide software upgrades for their phones or give discounts whenever one purchases its product. They can do this by either gifting their customers with brand new headphones or T-bands; this, in turn, will help to increase sales and enable the company to have a competitive edge.

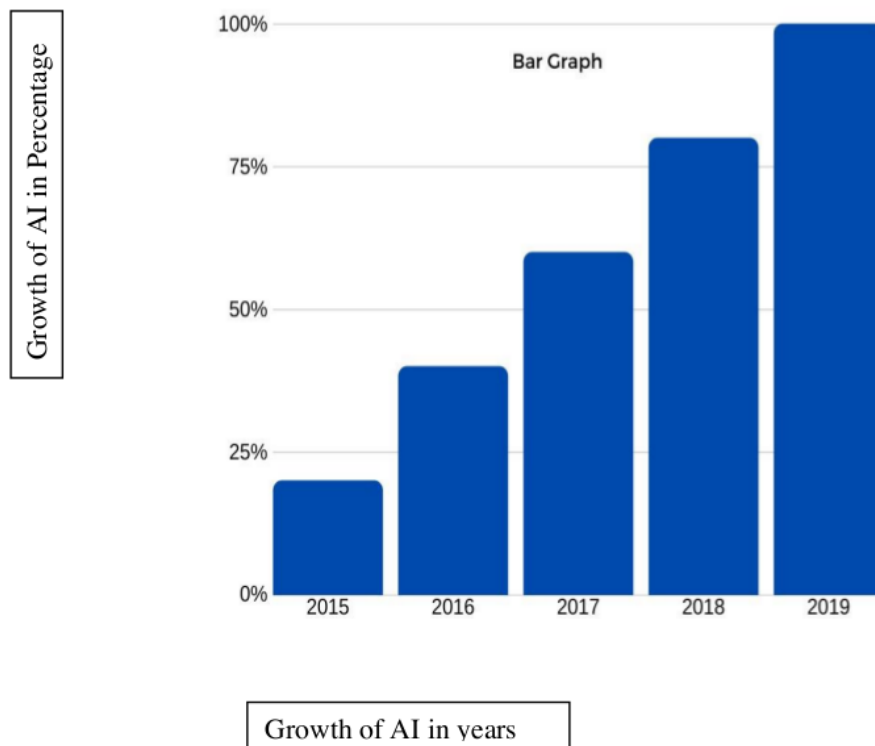


Figure 1: *Growth of AI over the years*

Since its inception in 1950, AI has been developing at a slow pace, but in the 21st century, it has grown rapidly, from 2015, the growth rate of AI in business was at 20% since it was a new phenomenon. By 2016, it grew to 40% because businesses began to see its potential. In 2017, AI

technology was incorporated in machinery and computers to increase efficiency making it grow by 60%. In 2018 and 2019, the use of AI grew exponentially by 80% to 100% respectively; this is made possible by how companies like Amazon run their business (Hamori & Kume, 2018).

The days when customers had to call for customer care whenever they experience a technical issue using a particular product are over. Incorporating AI will make a business stay competitive because AI can guide customers into solving the technical problems using a self-service program. The self-service program has prompt questions that consumers can answer to get assistance (Daqar & Smoudy, 2019). It is efficient and easy to use thanks to the advancement in technology. Companies that have incorporated AI can stay competitive because they can generate 95% accurate information, reports, or statements than companies that rely on humans to create such information. AI is accurate in this case because as mentioned earlier, it can study patterns and analytics to produce precise information. Besides, its efficiency enables employees to focus on other important tasks because it allows an individual to know which tasks to work on instantly and which one to work on later.

In conclusion, having discussed how to obtain a competitive advantage with the advancement of artificial intelligence, it is evident that business will keep on embracing AI to stay ahead. Although, for a company to achieve or to obtain artificial intelligence, they have to invest in one heavily. AI is not cheap as it is a highly advanced form of technology. Some companies may want to have that competitive advantage in their line of market, but they cannot due to the heavy investment one needs to obtain one. Other individuals believe that employing artificial intelligence in the workplace means robots are replacing them, and this makes them feel like the AI is stealing their jobs. In this case, it is true because some companies will have no use of having human employees since the AI is highly efficient and has zero errors (Felten et al.,

2019). Besides, since AI is more of a machine, it lacks creativity in that it only does what is programmed to do; hence they are still no match to the human mind when it comes to creativity.

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