

## IMPLEMENTING ARTIFICIAL INTELLIGENCE TO IMPROVE INTERNAL BRANDING

### Abstract

This study aims to understand how AI can be implemented within companies to improve internal branding strategies. Given the exploratory nature of the topic, this study employs a single case study methodology. The findings reveal that AI can significantly enhance internal branding by enabling more targeted internal communication and training programs, as well as appropriate leadership approaches. Traditional AI, such as clustering algorithms and predictive analytics, can be leveraged to segment employees and understand their expectations, while generative AI, such as large language models, can create customized communication and training programs, and support leaders and employees in improving efficiency and job satisfaction. These insights offer practical guidance for managers looking to improve the internal branding within their companies and contribute to the existing literature by exploring the role of AI technologies in the internal branding process.

**Keywords:** *Artificial Intelligence, Generative AI, Internal Branding, Internal Marketing.*

### Introduction

Brand is one of the company's most precious intangible assets (Gupta et al., 2008), whose perception strictly depends on the experiences people have with all its touchpoints, including employees (Piehler et al., 2016; Barros-Arrieta & García-Cali, 2021). This implies the importance to manage brands not only externally towards customers but also internally towards employees, from which the concept of internal branding (IB) emerges (King & Grace, 2010).

In the last decades, digitalization has generated new opportunities for marketing and specifically for branding strategies (Li et al., 2018). For instance, research on IB has shown that internal communication technologies can produce better results in employee's brand identification and engagement (Punjaisri et al., 2008). Among the various technologies, the release of ChatGPT by OpenAI in November 2022 has initiated significant discussions about the application of Artificial Intelligence (AI) across the academic and business (Kanbach et al., 2024). Despite numerous studies has explored various applications of AI in marketing (Huang & Rust, 2021; Verma et al., 2021), a gap in the literature becomes evident when addressing its role in IB. Therefore, the primary objective of this study is to understand how AI can be implemented within companies to enhance IB. Additionally, because AI is a broad term often used generally without a clear understanding of its specific applications, this study aims to clarify the different types of AI (traditional/generative) that could assist companies in developing their IB strategies. This descriptive and exploratory study is part of an ongoing project that aims to contribute to the existing literature on IB by providing both practical and theoretical insights.

## **Theoretical Background**

Internal Branding. Over the years, many authors have attempted to define what IB is, a concept often confused with internal marketing and employer branding (Du Preez et al., 2017; King & Grace, 2010). Barros-Arrieta & García-Cali (2021, p. 136) defined it as “an internal orientation of brand management and its objective is to promote the brand internally to ensure that employees are willing to deliver the brand promise to external stakeholders, creating consistency between internal and external brand messages”. The main actors influencing IB usually belong to the marketing and the human resources (HR) departments (Bravo et al., 2017; Punjaisri et al., 2008). The first one is responsible for internal communications (e.g., daily briefings, newsletters, corporate websites) which serve to convey a clear understanding of the brand to employees (Du Preez et al., 2017; Punjaisri et al., 2008). HR department is responsible for training programs designed to enhance employee brand knowledge (Zhang et al., 2016). Some studies also recognized the critical role of leadership. As noted by Dechawatanapaisal (2018), IB initiatives would be ineffective if organizations lacked leaders capable of motivating employees to translate brand values into practice.

Artificial intelligence. Nowadays, the term AI is widely used, sometimes even incorrectly. It was early defined in 1956 at the Dartmouth Conference in the US, where it was discussed the possibility of creating a machine that could think like a human being. Since then, AI has rapidly developed, moving from the initial optimism of the 1950s and 1960s, through the so-called “winter AI season” of the 1970s and 1980s, to the resurgence and rapid progress we are seeing today (Toosi et al., 2021). Generally speaking, AI refers to the ability of a computer or machine to perform tasks that typically require human intelligence (Huang & Rust, 2021). These tasks can include recognizing images and sounds, translating languages, driving autonomous vehicles, and much more. One of the most recent and promising frontiers of AI is the so-called Generative AI (GAI). While traditional AI focuses primarily on processing existing information to accomplish specific tasks, GAI goes further by creating new content, such as images, text, music and even video, from the set of data it has been trained on. The most prevalent application of GAI currently utilized by both individuals and businesses is text generation. Platforms such as ChatGPT, Claude, Google Gemini, and Microsoft Copilot are large language models (LLMs) trained on vast amounts of data and designed to understand and generate human-like text. The main difference between traditional AI and GAI is the latter's ability to imagine, invent and create, rather than simply process pre-existing data (Ooi et al., 2023).

## **Methodology**

This paper adopts a single case study method, aligned with the exploratory nature of the research (Yin, 2009). It is particularly recommended for studying emerging issues, and despite its limitations of low generalizability and high observer bias, it allows for in-depth findings (Piekkari et al., 2009), thus being appropriate for studying a complex and novel topic like the one under investigation. The choice of a single case study method is also in line with previous studies on IB (Li et al., 2018; Punjaisri et al., 2008; Sandbacka et al., 2013). The case study firm is Insight Sparks, a technology company located in Pesaro (Italy). It was chosen for different reasons. First, it is a consulting firm

specialized in analyzing employees and developing their potential through coaching strategies. Having experience providing insights into employees is essential for developing effective IB strategies. Second, the company has digital expertise, especially in implementing AI. Third, being located in the Marche region has allowed for face-to-face interviews, thus facilitating the gathering of more in-depth information and a better understanding of the company's situation during informal moments (Vogl, 2013). Data collection was based on semi-structured interviews conducted with all four partners of the company in the summer 2024. Each partner was interviewed once, except for the AI expert, who was directly interviewed three times due to the study's primary focus on his area of expertise. All the interviews were conducted in Italian, recorded, transcribed and translated into English. For data triangulation, we integrated the interviews with company's documents, website, and references from previous clients. At the end of the data collection, a report was provided to the company's partners for validation.

### **Case Study Analysis**

Insight sparks was founded in 2024 by four partners: Paolo Manocchi, Marco Giraldi, Alan Mancini, and Matteo Brocca. Paolo and Marco have a long experience in behavioral training and life business coaching while Alan and Matteo are two software developers who have been partners for many years in another company (Meblabs) where they developed tailor-made digital solutions for businesses. Insight Sparks was born from the idea of Paolo and Marco who want to make their work scalable. To overcome this limitation, in 2023 Paolo and Marco turned to Alan and Matteo to digitize the process and create a virtual avatar that would carry out their work 24/7. The service offered by Insight Sparks is divided into two parts. The first part is data employee collection and evaluation. *"Insight Sparks uses a proprietary algorithm developed and perfected over the years by Marco with the help of external psychologists, which through the answers to 200 closed questions (yes/no/I don't know) traces the behavioral profile of the employee and returns 10 items in output: Organization, Motivation, Management, Energy, Determination, Causativeness, Tolerance, Empathy, Communication, Mindset. Each of these items has a value between -100 and +100"* [Paolo Manocchi]. Once the first part of the evaluation is finished, an expert must read the results and interpret them, to provide useful information to the client. This work, which was previously done by Marco and Paolo, is now done by means of ChatGPT. Specifically, Insight Sparks' innovation lies in having integrated ChatGPT into their platform and having "trained" it to think like an expert coach, "learning" from the instructions provided by Paolo and Marco.

The solutions provided by Insight Sparks can be used for different companies' purposes, including IB improvements. Notably, based on Insight Sparks' experience, its contribution can be recognized on a threefold level. First, traditional AI – such as machine learning - allows for personalizing internal communication. *"By analyzing a behavioral test like the one we propose, or by analyzing data and past interactions of employees, AI can provide relevant and personalized content to each member of the team, thus improving engagement and positive perception of the brand"* [Alan Mancini]. In this respect, it was also underlined the possibility for the company to implement GAI solutions, such as

ChatGPT, to create tailored messages which can address the specific needs and characteristics of employees. Second, it emerged the opportunity to integrate AI Chatbots in the company to quickly answer employees' questions, facilitate access to company resources and provide real-time assistance. This increases efficiency and reduces waiting times, improving the employees' satisfaction as well as the managers' ability to motivate them. *"Implementing a virtual chatbot "trained" with company's data, can help managers to personalize their interactions with employees, while helping them to get customized information, which improve the employees' level of self-esteem and satisfaction" [Alan Mancini].* Other uses of AI can be that of upskilling employees by creating learning paths based on personal skills and interests or in the hiring of new employees. In this last case, AI can support managers to identify candidates in line with company's values and to develop employees' skills and capabilities. Specifically, regarding the hiring of new employees and their training, Salvatore Chiolo (Chief Strategy Officer, FinContinuo SpA) reported on the Insight Sparks' website: *"Thanks to a tool and a guided questionnaire, the proprietary algorithm of Insight Sparks allows you to define the adequacy of human resources within the organizational structure. A preventive assessment limits the selection of personnel that are not consistent with the organizational model and the company's expectations, thus refining the selection process. But not only that: it is possible to identify areas of non-coherence to build evolutionary growth paths for personnel, gradually proceeding to the construction of paths of adherence with the company's objectives".*

### **Discussion and Implications**

As it emerged from previous literature, improving IB requires internal communication activities (managed by the marketing department), training programs (led by the HR department) (Punjaisri et al., 2008), and an appropriate leadership (Dechawatanapaisal, 2018). Regarding the communication and training activities, this study suggests the opportunity to apply AI for both strategic and operational purposes. On a strategic level, our case study reminds the opportunity to use AI to support preliminary marketing processes, such as employees' analysis and segmentation that are critical to define proper communication and training activities. Indeed, before taking any action, it is essential to start by understanding employees and segmenting them into homogeneous groups. In this regard, AI can assist companies in collecting and analyzing vast amounts of employees data, as well as in creating groups of employees by using clustering algorithms (Huang & Rust, 2021). At the operational level, by means of predictive analytics powered by machine learning, traditional AI allows the analysis of patterns within the data, thus suggesting specific actions for each employee segment. For example, the company could understand that older employees might be reached by email, while the Telegram channel could be more effective for the younger ones. Additionally, based on behavioral data, the marketing team could implement personalized messaging strategies, such as providing more detailed instructions to employees who exhibit a need for clarity, while offering concise summaries to those who prefer brevity. Similarly, HR can identify which employees would benefit most from particular training activities, ensuring that resources are focused on those who will

gain the most. Besides that, GAI can help companies to create communication and training contents that are specifically suited to employees' characteristics. Tools like ChatGPT can support the development of tailored text-messages, while DALL-E or Midjourney can create media contents like images reflecting the specific employees' expectations. Finally, concerning the topic of leadership, as it emerged from the case study, by implementing GAI, the company could have a virtual assistant at its disposal 24/7. LLMs as ChatGPT can be "trained" with company's data to provide assistance to both managers, helping them in determining effective strategies, and employees, enhancing their efficiency and job satisfaction. Managers who can motivate employees through data-driven targeted strategies, alongside employee satisfaction in the workplace, are crucial for enhancing IB (Barros-Arrieta & García-Cali, 2021).

### **Conclusions**

This exploratory study contributes to the existing literature by analyzing how AI can be used to improve the efficiency of internal branding strategies. To our knowledge, no study has thoroughly investigated this topic. Our preliminary results, although they are open to further investigation, help companies to understand the potential applications of AI and provides practical examples of how traditional and generative AI can be implemented to enhance communication and training programs, which are crucial for IB success. However, this study has limitations. First, it focuses on a company providing AI-based services to other businesses. While this allows for an in-depth understanding of how AI can be implemented in various ways, it does not offer insights into the actual experiences, advantages, and challenges faced by companies that have directly implemented AI for IB. Furthermore, as a single case study, the findings may not be generalizable to other contexts. Future research should expand the scope to include multiple companies and consider diverse perspectives, including those of managers, employees, and departments such as marketing and HR, to provide a more comprehensive understanding of AI's impact on the IB field.

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