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The Dynamics of Digital Influence

Communication Trends in Business, Politics and Activism

Edited by Alexander Godulla, Christopher Buller, Vanessa Freudl, Isabel Merz, Johanna Twittenhoff, Jessica Winkler and Laura Zapke

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Intelligent communication?

Use of generative AI applications in communication agencies

Abel Fekade, Nico Keppeler, Elise Mattheus, Isabel Merz, Lotta Wegner

Intelligent communication?

Qualitative insights into the usage of generative AI applications in communication agencies

Abel Fekade, Nico Keppeler, Elise Mattheus, Isabel Merz, Lotta Wegner

Abstract

The PR industry is experiencing significant developments with the introduction of generative AI applications, prompting significant changes and raising new questions about their implications for strategic communication, agency operations, and business models. This study examines the integration of generative AI applications in communication agencies, focusing on the utilization of these technologies, client perceptions, and strategic adaptations. Fifteen senior communication specialists from German communication agencies were interviewed using guided interviews. Their responses were analyzed qualitatively using content analysis. The findings indicate that generative AI is widely adopted, resulting in enhanced efficiency and quality in agency operations. While client feedback is predominantly positive, concerns about data protection and AI accuracy persist. Agencies are selectively transparent about AI usage, typically disclosing it only when AI significantly contributes to a task. The study highlights the ongoing strategic adaptation of agencies, predicting shifts from operational to strategic roles and potential changes in job profiles. The study underscores the importance of developing AI-related skills and strategies within communication agencies.

Keywords: communication agencies, artificial intelligence, generative artificial intelligence, strategic communication, digital transformation

Introduction

"AI will not replace you, but a person using AI will". The PR industry has not remained unaffected by the debate about the role of artificial intelligence (AI) applications. Just a few weeks after the company *OpenAI* presented its tool *ChatGPT* in the winter of 2022, communications expert Margot Edelmann predicted the beginning of a major new development (Bihlek & Schmidt, 2023).

The use of artificial intelligence in strategic communication is not a new phenomenon: Panda et al. described various possible applications of AI in PR as early as 2019. According to them, traditional AI-driven systems can support automated data processing, media list creation and scheduling, among other things. However, there is a limited understanding of AI among communication professionals, which can be attributed to a lack of skills and unclear

responsibilities (Zerfass et al., 2020). Noting that, the introduction of generative AI applications raises far-reaching questions that remain unanswered in the relevant literature. This is a recent phenomenon that has hardly been researched so far, especially in connection with communication agencies. New generative AI tools offer creative potential, enabling the creation of content in different media formats such as images, audio, video, text, and coding (Carter, 2023).

Subsequently, this results in a research gap, particularly in terms of the implications for the field of strategic communication. Conceivable disruptions to the services, scope of work, use of resources, and business models of communication agencies are emerging (Guarnaccia, 2023). In particular, the traditional pricing model, which is based on billing creative work at hourly rates, is being questioned in light of the efficient delivery of services by generative AI tools. The aim is to clarify whether new generative AI applications are being used and, if so, how communication agencies are adapting to the developments described.

The research will be conducted within the Technology-Organization-Environment (TOE) framework. The theoretical model, which has already been used in related studies on the introduction of AI in strategic communication (Zerfass et al., 2020), identifies three central influencing factors for innovation decisions in organizations: technology, organization, and environment (Baker, 2011). Generative AI can be seen as a competency-enhancing technology that can support employees and automate processes (Maragno et al., 2023). This study will focus specifically on the application of generative AI in communication agencies. Generative AI has the potential to transform various aspects of communication work, such as copywriting (Valin, 2018). However, current research mostly focuses on the use of (generative) AI in corporate communication (Valin, 2018). Therefore, this study aims to fill the identified research gap by investigating the use, client perspective, and associated strategy adjustments related to generative AI applications in communication agencies. Given the limited data available to date, an explorative approach is used to gain new insights. For this purpose, interviews were conducted with managers of German communication agencies, which were then analyzed using a qualitative content analysis. Based on this analysis, first hypotheses are derived, and the research questions are discussed.

The aim of this research project is to gain first empirical insights into the integration of generative AI applications in communication agencies. Based on the preliminary considerations outlined above, the following research leading question (RLQ) will be discussed: *How do communication agencies implement generative AI applications in their operational work, considering client perception, and how does this influence strategic adaptation?*

Theory

Technology-Organization-Environment Framework

The Technology-Organization-Environment (TOE) framework can be used to explain the reasons why AI is or is not used. However, as this research is designed to be exploratory, the framework only serves as an initial orientation for investigating the use of generative AI applications in communication agencies. Generally, the framework states that the decision to introduce innovations in organizations is influenced by three different factors – technology, organization, and environment (Baker, 2011).

The technological context encompasses all existing or available technologies. This includes both internal technologies utilized within an organization and externally available technologies. The existing technologies serve as a framework for potential future innovations and the speed of their implementation within the company (DePietro et al., 1990). Therefore, the technological context serves as a foundation for determining the extent to which the introduction of AI is beneficial for a company (Maragno et al., 2023). Technologies can be divided into "competence-enhancing" and "competence-destroying" (Anderson & Tushman, 1986, p. 442) technologies. The former build on existing competencies and enable a gradual integration of the innovation into the company. In contrast, competence-reducing technologies replace existing knowledge and skills and render them obsolete. The innovation of generative AI must therefore be employed as a support for employees and as an automation aid to be classified as a competence-enhancing technology (Maragno et al., 2023).

The second factor included in this framework is the organizational context. It refers to organizational structures as well as the company's resources. These include employees, communication processes within the company, the size of the organization, and available but unused resources (Baker, 2011). Furthermore, internal characteristics such as informal relationships between employees are also part of the organizational context (DePietro et al., 1990). In addition, employees' attitudes towards innovation also play a central role. It is important to consider the concerns of employees regarding their abilities and their position within the company when implementing AI (Na et al., 2022). For the successful implementation of AI in organizations, it is essential that the innovation is known within the company, that appropriate technical skills and a necessary critical approach are in place, and that there is a certain level of trust in the technology (Maragno et al., 2023). Additionally, the presence of structures within the company that facilitate the observation of trends and developments in the organizational environment can be advantageous for future innovations (DePietro et al., 1990).

The environmental context encompasses industry structure, the regulatory environment, the presence of technology service providers, and the competition. In general, innovations are typically adapted more expeditiously in rapidly evolving industries (Baker, 2011). The attitude of competing companies plays a vital role, as do the prevailing competitive conditions

in terms of price, quality, and service. Pressure from competitors can result in accelerated implementation within one's own company (DePietro et al., 1990). Inaction may result in the loss of competitive advantage (Na et al., 2022). Government regulations are another factor in the environmental context. These can both promote and inhibit the establishment of innovations. A new technology like AI requires constant review of the current legal and ethical situation to ensure safe handling (Maragno et al., 2023). Consequently, these regulations can either impede or facilitate the implementation of AI in companies (Baker, 2011). In addition to the perspectives of employees within an organization, which were previously discussed in the context of organizational dynamics, the collective view of society influences the introduction of an innovation (Na et al., 2022). This factor should not be overlooked, particularly in the context of a highly debated technology such as AI. According to DePietro et al. (1990), influential companies can shape their own environment in their favor by influencing the competition. In conclusion, it can be stated that all three factors contain components that can either impede or facilitate the implementation of AI (Maragno et al., 2023).

Artificial Intelligence

AI as a subfield of computer science (Pannu, 2015) is not an entirely new phenomenon. The first scientific research in this field began as early as the mid-20th century. The Dartmouth Conference, which was first organized in 1955 under the name "Dartmouth Summer Research Project on Artificial Intelligence", is regarded as the birth of the term (Howard, 2019). At that time, the term AI was primarily used to describe systems that behaved intelligently and therefore in a human-like manner (Brynjolfsson, 2022).

Even today, AI is still characterized by its ability to imitate the human mind. It is regarded as a technology that enables systems to learn and make decisions with the goal to solve problems independently. In the context of this definition, AI is often divided into the categories of weak and strong AI (Li, 2022). While strong AI primarily refers to the approach of reproducing human intelligence in detail (Ng & Leung, 2020), the term weak AI applies to systems that fulfill a predefined task. These include AI-based applications such as speech recognition, text processing and generation as well as translations (Lu et al., 2020).

After the development of AI stagnated towards the middle of the 20th century the technology underwent rapid further development around the turn of the millennium. The starting point for this was primarily more powerful hardware and software as well as the immense accumulation of data (Big Data) (Li, 2022). As a result, many new technological concepts have been developed in recent years, particularly in machine and deep learning (Shinde & Shah, 2018), predictive analytics and natural language processing (Li, 2022). These concepts become important when they are understood as the basis for other forms of AI, such as generative AI (Baidoo-Anu & Ansah, 2023).

Generative AI, which forms the center of this research paper, describes an emerging sub-form of AI. The technology came into the public eye with the publication of the ChatGPT application by OpenAI in November 2022 (Julianto et al., 2023), which is considered a pioneer for a large number of AI tools that have appeared in recent months. Generative AI itself is primarily defined by the ability to independently create new content using data, statistics, and probabilities (Lv, 2023). This can be expressed in text form as well as in images, videos or spoken language (Aldausari et al., 2022).

In this context, it is important to differentiate between AI models and the AI applications considered in this paper. AI models are a machine learning architecture that uses AI algorithms to generate new data instances (Banh & Strobel, 2023). This category includes, for example, diffusion-probabilistic models that are used for image-text generation or classic language models (Large Language Models) such as *GPT-3*, *GPT-4* or *LaMDA*, which are used to create texts. These models serve as the basis for all AI applications. These in turn refer to the tools available to end users, such as *ChatGPT*, *DeepL Write* or *DALL-E 2*, which can be used to perform various tasks. Within those, both textual and visual content can be generated using work orders (Prompts) formulated in natural language (Baidoo-Anu & Ansah, 2023).

Communication Agencies

In the previous section, the origins and current development of generative AI were presented. AI permeates many areas in various forms and is of particular interest where it can be used to achieve new or more efficient solutions. In the following, communication agencies will be defined as an area that is relevant to the investigation of generative AI. The term communication agencies refers in this study to all organizations that provide communication services. According to Fuhrberg (2022), communication services are independent, marketable services in the areas of situation analysis, strategy (goals, reference groups, positioning, messages), tactical action, time and cost planning, implementation and evaluation/controlling. The definition of communication service providers in this study is based on their service portfolio, as the term *agency* is not legally protected (Fuhrberg, 2022). Therefore, all communication service providers that offer the services are included in this study, regardless of their naming, and are referred to as communication agencies or agencies.

The aforementioned heterogeneity of job titles and the increasing diversification of the agency market make it challenging to clearly define and structure the industry. This makes it difficult to get an overview of the sector: 64% of those responsible for communication in companies perceive the consulting industry as increasingly diversified and complex, and 60% of those surveyed also see difficulties in quality assurance (Zerfass et al., 2022). Orientation is provided by agency associations that ensure the performance quality of their members through admission criteria and strive for quality standards such as the Consultancy Management Standard of the International Communications Consultancy Organization (ICCO) (Gesellschaft

Public Relations Agenturen [GPRA], n.d.). Despite these efforts to organize the professional field, there are no reliable figures on the number of communication service providers in Germany.

Regarding the large number of task areas and the growing demand for professional communication, companies use agencies as communication consultants as well as for additional personnel resources, with the boundary between these becoming blurred in everyday life (Wiencierz et al., 2021). 65.9% of communication departments in Germany work with one or more agencies on an ongoing basis, while only 8.5% of organizations do not commission external agencies at all (Zerfass et al., 2015). The high demand and diverse competition are reflected in a rapidly changing environment (Wiencierz et al., 2021). As standing still is impossible, agencies present a high degree of adaptability as well as flexibility (Zerfass et al., 2017). In this challenging environment, communication agencies might be able to secure or gain their position as pioneers of new developments by keeping an open mindset to recent trends.

AI in Communication Agencies

As service providers in a highly competitive business field, it is highly relevant for communication agencies to deal with potential changes in the market and to integrate technological developments into everyday processes. However, the ECM 2022 shows that only 6.2% of communication departments and agencies have digitized their core activities and established an advanced use of CommTech (Zerfass et al., 2022). Currently, one topic from the technology sector has a particularly high profile: AI. With the rise of AI, communication agencies are faced with the question of whether and in which areas they want to implement AI, how to use it and what consequences its implementation could have. According to the Global CommTech Report of 2023, 43% of communication agencies surveyed worldwide stated that they intend to invest more in AI in the coming years (Bruce & Bailey, 2023). In order to assess generative AI's relevance for agencies, current research is limited due to the topic's novelty. Existing studies focus on general AI in communication, with generative AI receiving minimal attention. Prior research explores potential applications and related benefits/challenges of AI in communication (Zerfass et al., 2020).

For example, one important benefit is that AI applications can be used to analyze data in real time (Sufi & Khalil, 2023). Simultaneously, AI enables a significant reduction in complexity in the background research step. There are also initial research findings on the extent to which AI can prove beneficial in the conceptualisation of communication measures. The technology can be an advantage, especially within crisis scenario management, where generative AI can predict any outcome based on immense amounts of data and thus provide the basis for the development of promising measures (Seidenglanz & Baier, 2023).

However, in addition to the analysis phase, most potential applications of AI relate to the implementation phase, which is where generative AI comes into focus once again. The

technology, on which applications such as *ChatGPT* are based, enables an unprecedented type of text creation that could be used to automatically generate all types of content in the future (Seidenglanz & Baier, 2023). For now, the main conceivable areas of application are data-based communication activities such as the creation of financial reports (Zytnik & Lequick, 2023). However, more complex text tasks could also be implemented by machine in the future (Aspland, 2017). At the same time, generative AI can be used to adapt content to the language skills of different reference groups to increase the comprehensibility and transparency of communication (Seidenglanz & Baier, 2023). This aspect is also reinforced by AI-based translation programs (Valin, 2018).

If we summarize the studies to date, it becomes clear that, in addition to various possible uses of AI, there is also research into the possible effects of implementation. The presentation of positive effects is essential when you consider that new technologies only become established in practice if the companies using them expect to gain (competitive) advantages through their use. In this context, it is also referred to the increase in efficiency that can be realized through AI (Seidenglanz & Baier, 2023). At the same time, AI could enable an alternative use of time by shortening processing times and automating time-consuming routine tasks. This would allow communicators to concentrate on the creative aspects of their work in future (Valin, 2018). Moreover, employees would have more time for strategic activities (Seidenglanz & Baier, 2023) and tasks where analytical thinking is required (López et al., 2020). Finally, if we look at communication consultancies and agencies in isolation, generative AI offers a further opportunity. If companies recognize generative AI as a potential added value, the need for consulting within this technology will increase. For communication agencies, this could therefore lead to an expansion of the business field as well as an increase in order rate.

In addition to the potential benefits that the use of generative AI could have for companies active in the field of communication, the implementation of the technology also poses challenges, on which initial research results are also available. For example, there are technical risks that arise from the actual use of generative AI and the processing of AI-generated content. For generative AI this became apparent in inadequate data protection (Dobreva, 2019). In recent months, an increasing number of critical analyses of *ChatGPT* have been published, which show that confidential or personal data is contained in the training material of the AI application and thus harbors the risk of this data creeping into generated content (Borji, 2023). For user companies, this entails significant restrictions within a secure application. Dobreva (2019) points out the risks that the use of AI poses to the reputation of the companies using it. If communication materials such as press releases, posts for social media or financial reports are created automatically in the future, it remains questionable who is responsible for the consequences in the event of an error. To summarize, AI has long been a central aspect of corporate communication and has already undergone intensive research. In contrast,

however, the potential and application of generative AI technologies in the agency field remains comparatively unexplored, revealing a promising area for further insights. With disruption and innovative opportunities on the horizon, the question arises as to how these technologies could impact the traditional business models and working practices of communication agencies.

New generative AI tools have recently unlocked a wide range of creative potential, allowing content to be created in different media formats (Carter, 2023). These technological advances not only have far-reaching effects on the communication landscape in general, but also offer communication agencies a wide range of opportunities to further develop and diversify their services. The implications for the field of strategic communication are considerable, and potential disruptions are emerging in terms of the range of tasks, resource allocation and business models of communication agencies (Guarnaccia, 2023). In particular, the traditional pricing model based on the billing of creative work and hourly rates is increasingly being called into question in view of the efficient provision of services by generative AI tools. Regarding these developments, it seems essential to focus this research on the use of generative AI in communication agencies and the associated effects.

Methodology

Due to the limited empirical data available on the topic of this study, the issue is approached inductively using open research questions (Scholl, 2016). The implementation and use of generative AI applications is currently taking place in numerous fields. The communication agency sector was chosen as a specific field in order to narrow down the research interest, as there is currently little research available on this area of investigation.

Due to external expectations, communication agencies occupy a pioneering position in the integration of new developments and are therefore ideally suited for investigating the implementation of generative AI. As service providers, communication agencies are subject to the feedback and expectations of their clients. For this reason, the client perspective was also incorporated into the research leading question. The rapid developments in generative AI applications are likely to disrupt the current business field of communication agencies. It is therefore imperative to examine how communication agencies strategically position themselves against this backdrop. The following research leading question was ultimately derived from the preliminary considerations outlined above:

> RLQ: *How do communication agencies implement generative AI applications in their operational work, considering client perception, and how does this influence strategic adaptation?*

The aim of this research question is to examine the status quo of generative AI applications in communication agencies, to take client perceptions into account as well as to reflect the long-term positioning of communication agencies through strategic adaptations. Based on this a research and action basis for practical application will be created. Three research questions were derived from these dimensions to specify and structure the research leading question and thus contribute to answering it in a targeted manner.

RQ1: *How do communication agencies use generative AI applications in their operational client work?*

RQ2: *How do client acceptance, perceptions and expectations influence the use of generative AI applications in communication agencies?*

RQ3: *How do agencies assess their strategy, their business model and the task profile of their consultants with regard to generative AI applications in the next five years?*

The first sub-question investigates to what extent and for which activities communication agencies use generative AI applications in their operational client work. As part of the second dimension, the perspective of clients and their influence on the use of generative AI applications in communication agencies is captured. The third question deals with the overarching changes that the implementation of generative AI applications entails for communication agencies. The aspects outlined for the individual sub-questions were incorporated into both the design of the guideline for the interviews and the development of the category system.

Due to the limited state of research on the integration of generative AI applications in communication agencies, this project required an explorative approach. As mentioned above, guided interviews were chosen, as this data collection method is suitable for explorative approaches. A total of 15 executives from communication agencies in Germany were interviewed. The population consisted of German communication service providers whose portfolio of tasks covers the communication services previously mentioned (Fuhrberg, 2022). The guided interviews were conducted via video conferencing between December 20, 2023, and January 30, 2024. A standardized guideline was used as the survey instrument. To adequately investigate the research leading question, the three sub-questions were used to derive the dimensions of the guideline. For an appropriate analysis, the interviews were recorded and then transcribed. The transcripts generated from the guided interviews were then analyzed using a content analysis according to Mayring (2015), as these are used to systematically analyze fixed communication such as texts and images.

Results

The following section will examine the results of the interviews regarding the research questions proposed. This is done based on the analysis of the use of generative AI applications, the client's perspective, and the future development of strategy and the business model of communication agencies.

Use of generative AI applications

The first research question *How do communication agencies use generative AI applications in operational client work?* can be answered with the help of the guided interviews conducted. The qualitative analysis of the interviews shows that the generative AI applications *ChatGPT* and *DeepL* are used most frequently in communication agencies. It can also be seen that various applications for image generation and editing such as *Midjourney* and *Adobe Firefly* are used. The introduction of ChatGPT was often seen as a catalyst for a comprehensive examination of generative AI applications. This is not least due to the media attention that the program received after its launch. The perception that the use of these technologies would create a competitive advantage also contributed to their introduction in communication agencies.

The analysis of category *C1_6 Areas of application* shows a broad range of uses for generative AI applications in communication agencies. These include the derivation of strategic programs such as communication strategies based on existing inputs as well as the development of core messages. Furthermore, generative AI is used in project management, in idea generation, and in the brainstorming process as well as in topic research. In this context, one interviewee emphasized the role of ChatGPT:

> We send out 600 to 700 posts every year. If you do that for a while, then at some point it becomes relatively difficult to somehow come up with new topics again. And that's where ChatGPT is a great way to get a different perspective on a topic that you may have already covered three times (I6 [translated]).

In the area of text work, generative AI applications are used to create press releases and social media posts, especially for platforms such as LinkedIn. There are also isolated approaches to automating processes holistically, such as responding to media and citizen inquiries. The applications are also used to check and optimize self-written texts.

The evaluation of the interviews shows that generative AI applications in communication agencies offer several advantages. The following section takes a closer look at the advantages perceived as crucial: efficiency, creativity, and quality. On the one hand, time savings can be attributed to the speed with which AI works. The technology offers an efficient solution for visualizing ideas or translating texts. On the other hand, saving time and effort is the second dimension of efficiency, which is increasingly mentioned in interviews. Here, it is emphasized

that extensive tasks such as writing press releases can be completed in less time. This enables employees to focus on the agency's core business and tasks that cannot be left to the AI. Negatively perceived tasks are often outsourced to AI.

Another key advantage is the promotion of creativity through generative AI applications. This extends across various dimensions, including the change of perspective and the generation of ideas. Moreover, the improvement in quality of the output content manifests itself in several aspects: First, the absence of errors is emphasized, especially in the generation of texts or translations. This reliability leads to an overall increase in the quality of the agency's output, according to one interviewee. In addition, there is less concern about making mistakes as the work can be reliably checked. Furthermore, the ability of AI to learn and adapt to the specific business context is emphasized.

Although generative AI applications in communication agencies offer numerous advantages, some perceived disadvantages were also discussed in the interviews. There were conflicting opinions on certain aspects: Some of the perceived disadvantages include susceptibility to errors and problems due to incorrect or outdated sources. It was also pointed out that certain skills, particularly in the area of prompting, are required as a prerequisite for meaningful results. In addition to these technical hurdles, data protection concerns were expressed. The need to enter sensitive data into the AI poses a potential risk, especially when using services from American companies such as OpenAI. Doubts were also raised regarding the lack of contextual reference and the difficulty of ensuring customization to specific client requirements.

The statements from all 15 interviews showed that generative AI applications are used along the entire value chain, both in strategic planning and in operational implementation and control. According to the interviewees, the applications are “actually used everywhere” (I8). At present, the focus is primarily on brainstorming and implementation. However, plans and initial use cases also include strategic planning, implementation and control as well as the holistic delegation of operational processes to generative AI applications. Based on the interviews, a potential connection between the implementation of generative AI applications in communication agencies and the profitability of the companies can be identified. All communication agencies use generative AI applications. Nevertheless, there are clear differences in approach, expertise, and implementation. One possible connection could lie in the increased employee satisfaction that results from the use of generative AI. Overall, these potential effects of the use of AI could help to increase the profitability of communication agencies. A corresponding hypothesis H1 can be formulated as follows:

> H1: *The higher the degree of implementation of generative AI applications in the value chain of communication agencies, the more likely it is that companies will increase their profitability.*

Client acceptance, perceptions and expectations

After the analysis of the first research question has shown the usage behavior of communication agencies with regard to generative AI applications in operational client work, RQ2: *How do client acceptance, perceptions and expectations influence the use of generative AI applications in communication agencies?* will be answered. First of all, both positive and negative feedback from clients was surveyed in this area, which was recorded in the categories *C2_1 Positive client feedback* and *C2_2 Negative client feedback/concerns*. If the agencies have received feedback from clients, it is largely positive. Not only the content output is praised, but also the fact that the agencies have generally dealt with the topic and are able to use the tools. On the client side, there is a clear interest in the topic of generative AI.

Only one of the 15 interviewees reported negative feedback in terms of content (I3). In this context, a lack of brand identity in AI-generated texts and a lack of consistency with the client's tonality were criticized. However, according to I3, the points of criticism could always be attributed to a lack of content quality due to poor or incorrect prompting. Respondents were far more likely to report client concerns than negative feedback, particularly regarding data protection. This uncertainty is mostly due to a lack of knowledge about what happens to the data entered when using generative AI applications. The legal situation regarding the copyright of AI-generated content, which is not clearly defined in some cases, and the error-proneness of the generated output also led to concerns. Apart from the concerns mentioned, there was mostly no negative feedback from the agencies' clients.

The following section examines the results of category *C2_3 Client expectations*, which vary considerably. They range from no communicated expectations by the agency to specific requirements from the clients. It is primarily evident that very little expectations have been placed on the agencies to date, which means that there is no influence on the use of generative AI applications. The lack of expectations can be attributed to limited information about AI on the client side and general caution. In certain instances, there are no explicit expectations; instead, there is a mere interest and curiosity regarding the utilization of generative AI applications. Agencies as service providers must also be “two or three steps ahead of their clients, because they simply expect this consulting service from us” (I7 [translated]). In a few cases, specific expectations are placed on the agencies in the form of direct instructions. Here, it is pointed out that clients have different needs and requirements and that these should therefore be transferred to the use of generative AI applications. Consequently, specific areas of application and client preferences like data sensitivity must be negotiated directly with the client.

Regarding category *C2_3 Transparency*, the majority of respondents indicated that their agency manages the use of AI transparently. This is accomplished through specific instructions in advance, information in consultations, and labeling of AI. Transparency around AI is beneficial to show that the latest technology is being used and is also part of the trust that

has been built up with clients over many years. The fact that clients should not be misled was also mentioned in three interviews. Practical reasons for transparency include passing on (license) costs for AI tools to clients or costs that can be saved through AI, such as editing.

At the moment, many transparency issues are rendered superfluous by the fact that AI is only used as a support. The non-disclosure of the use of generative AI is justified by the fact that these programs are only one of many applications, and the use of AI as a search engine is becoming more common. Even if some agencies do not communicate every use of AI, they are transparent when asked by clients. Most agencies are transparent about the use of generative AI applications if a large part of the result was produced by AI. The results also make it clear that many of the agencies surveyed have not yet clearly regulated transparency in the use of generative AI. Transparency plays an important role in the legitimacy of communication agencies, especially as the possible use areas of generative AI expand. As more and more tasks are taken over by generative AI, companies may ask themselves what added value the commissioning of a communication agency still provides. As shown in the evaluation of the first research question, there is certainly concern among agency employees that they will be replaced by the technology. Future studies could investigate whether there is a connection between the fear of losing one's job and the transparency of the use of AI. A corresponding hypothesis H2 could be as follows:

> H2: *The more employees in communication agencies see their jobs threatened by the use of generative AI, the less transparent they communicate it.*

Outlook on development of strategy and business model

Having previously presented client expectations and acceptance, the following section refers to RQ3: *How do agencies assess their strategy, their business model and the task profile of their consultants with regard to generative AI applications in the next five years?*

The respondents agreed on the disruptive nature of generative AI, as the use of different AI applications not only changes operational activities, but also has implications for the strategic orientation of communication agencies. However, most agencies have not yet developed a strategic plan for using AI. Including the technology in strategic planning is particularly difficult because the development of generative AI is challenging to predict. Nevertheless, nine interviewees emphasize that it is an ongoing, though not firmly formulated, goal to deal with generative AI. In this context, several interviewees refer to internal processes that serve their own further training and the establishment of task forces that are dedicated to the technology. Only two interviewees point out that their agencies have initially formulated a goal for the implementation of generative AI: the development of their own AI assistant. The aim is to develop a dedicated interface for ChatGPT that is always available to agency employees.

However, it is not possible to speak of a fixed strategy. Contrary to the other interviewees, I3 and I8 explain that the topic of generative AI has already been reflected in their agency's

strategy or will be integrated for 2025. "This year we are setting an annual target for the existing business and an annual target for the AI topic. Because that is simply such a high priority" (I8 [translated]). Even if generative AI already plays an important role in all communication agencies, long-term strategies are not yet recognisable. The main reason for this is the complexity of the topic, which makes it difficult to set actual milestones. Furthermore, it is important to develop realizable implementation paths and provide these with performance indicators to actually take generative AI into account in future strategy formulation.

Based on the evaluation, it seems useful to extend the analysis to a possible connection between the size of the agency and the integration of generative AI into their strategy. As explained, the complexity of the technology is the main reason for the low level of strategy formulation. However, this could be overcome through dedicated examination and processing of the topic. To realize this, communication agencies need human resources that deal with generative AI applications in addition to their day-to-day operational work. It can be assumed that this is more likely to pose problems for smaller communication agencies than those with a larger number of employees. A corresponding hypothesis H3, which requires further testing, could be formulated as follows:

> H3: *The larger the number of employees a communication agency has, the more likely it is to have already integrated generative AI into its strategy.*

Regarding changes in the business model of the agency, six interviews stand out in which the interviewees emphasize that no changes to the corporate concept are planned to date. The other interviewees, who felt that an adjustment to the business concept was unavoidable, had opposing views of possible business model developments. In this context, the billing of the services of a communication agency will be particularly problematic in the future. Three interviewees agree that it will primarily be necessary to charge for work results rather than working hours. The reason for the interviewees' disagreement about the impact of generative AI on the business model could be that the actual influence cannot be assessed yet.

Regarding the development of the services and job profile of their employees, there is a consensus between the interviewees. Six participants state that consulting services are moving to the forefront for agencies, while classic operational tasks can be implemented automatically in the future. In addition, as new technology means a low level of expertise, the need for advice and applications in this area will increase, which could prove useful for agencies. Furthermore, six interviewees made it clear that an affinity for technology will be particularly in demand and that new positions will be created to work on and evolve generative AI. To manage the forthcoming change in tasks communicators will have to deal with appropriately, it is necessary to take a look at the future personnel structure of communication agencies. During the interviews seven respondents stated that they expect or are already observing that the use of generative AI will have an impact on the personnel structure, especially regarding activities

that are easy to automate. Contrary to these predictions, several interviewees see currently no future changes within the personnel structure of their agency. Holistically, although the effects of the technology are not yet reflected in the human resources, adjustments and savings could certainly be made in the future. Plans for collaborations and partnerships regarding generative AI are not ruled out by most interviewees since they would like to utilize external specialists or partnerships in the future.

Limitations

To be able to evaluate the results of the research, taking into account all limitations, a critical reflection of the methodological work and further research is undertaken at this point. The selection of the sample proved to be problematic in part, as not all managers had a comprehensive overview of the use of generative AI in the operational work of their agency. The interviewees who did not hold a management position were able to speak in this regard, but in some cases did not have sufficient insight into strategic planning to be able to fully answer the questions in category 1. Consequently, a more precise selection of the sample should be made to avoid asking questions that exceed the knowledge of the interviewees. Despite efforts to standardize the questionnaire it was not possible to guarantee that all questions were asked in the same way, as the interviews were conducted by five interviewers. Another limitation is the possible distortion of the answers due to looking-good tendencies. Interviewees try to present themselves and their agency as competently as possible (Brosius et al., 2022), which could have had an influence on the disclosure of the actual use of generative AI.

Since transcriptions are always reductive (Dresing & Pehl, 2020), it cannot be ruled out that information conveyed via body language, for example, is not included in the transcripts. When coding the interview transcripts, difficulties also became apparent regarding the categories *C3_2 Business model adaptation* and *C3_3 Service adaptation*. The two categories could not be clearly distinguished from each other because a company's service offering is a component of its business model. Furthermore, it is possible that the context was neglected in individual interview statements, even though the researchers were instructed to consult the context of ambiguous statements.

The present study was conducted exclusively with German communication agencies, which is why the findings can therefore only be related to agencies in Germany. As the sample was deliberately selected, the study does not claim to be representative of all communication agencies. Even if the findings presented here are only a snapshot, the study provides a good basis with an initial comprehensive overview to offer various starting points for future research work.

Conclusion and Outlook

The integration of generative AI applications in communication agencies represents a significant development that not only influences their operational work, but also client expectations, client acceptance and strategic orientation. Based on the theoretical foundations and the empirical findings of this study, the effects of this development on the industry can be examined in more detail.

The analysis of the data shows that generative AI applications are already being used by communication agencies along the entire value chain. This result can be theoretically substantiated with the help of the TOE framework. Communication agencies appear to have largely implemented the innovation of generative AI. Consequently, according to the research, AI is also seen as a competence-enhancing technology in practice (Maragno et al., 2023). Since all of the agencies studied use generative AI, it can therefore also be assumed that the organizational context and the environmental context favor and promote the introduction of this innovation. The widespread use of AI indicates that agencies are increasingly focusing on the efficiency and quality of this technology in order to achieve faster and better results. The use of AI as an aid to consultants' creativity is also aimed at this result, from which the operational work of an agency benefits significantly.

Client feedback and perception play a crucial role here, with the majority of feedback being positive, but concerns also being expressed about data protection and the accuracy of the output. Client expectations of the agencies range from non-existent to specific demands regarding the use of the service. Accordingly, it is not possible to derive a uniform picture. In terms of transparency, agencies only communicate the use of generative AI applications to their clients to a certain extent. They often only communicate openly if the AI has also taken on a substantial part of the task. Fundamentally, it should be noted that client perceptions can certainly have an influence on the use of AI. Feedback can have an encouraging effect on the decision of a communication agency to use AI. Less present is this influence on agencies on the part of clients regarding expectations and transparency.

It is also clear that the strategic adaptation of communication agencies to the use of generative AI applications is still in the development stage. While dealing with the technology is a high priority, a targeted orientation in its use is not yet clearly recognizable. However, it is expected that services and task profiles will change, with a shift from operational to strategic activities being predicted. This could also lead to a change in the personnel structure, with both new positions being created and savings being possible through automation. Accordingly, it is not yet possible to make any precise statements about how the implementation of AI will influence the business model and strategy of communication agencies. Overall, it can be stated that the degree of implementation of generative AI applications has a significant influence on

the operational work, the change in client perceptions and the strategic adaptation of communication agencies.

The results obtained in the study offer an initial approach to the scientific mapping of the use of generative AI in communication agencies. Due to the constant development of the technology, further research should revisit the topic soon to identify changes in the status quo of the industry or within the statements of the interviewees. In addition, subsequent studies should address the hypotheses derived in this study. In this way, quantitative projects can succeed in making representative statements about the relationships between the use of generative AI and profitability, the development of job profiles and intransparency, as well as the number of employees and strategy integration. In addition, a cross-national interpretation of future research can be undertaken to reflect the international status quo of usage.

The initial insights gained in the study provide an important basis for researching generative AI applications in communication agencies and for practical applications. Requirements, regulations, opportunities, and expectations are changing rapidly in the context of the dynamic development of the technology. Although generative AI is seen as a powerful tool for communication agencies in the future, its full potential can only be realized if agencies succeed in integrating different applications into everyday tasks. For communication agencies, it is of great importance now and in the future to develop skills in dealing with generative AI and to work on initial strategies and guidelines for its use.

For teaching and education, it is necessary to consider the ability to deal with generative AI as part of the education. The early integration of the technology at universities and colleges not only ensures that young communicators are prepared for the use of generative AI in their later working life, but also promotes the ability to evaluate and interpret machine-generated results. Collaboration with communication agencies or professional communicators is particularly useful here to promote the training of skills required in the future. The fact that the holistic use of AI as a tool represents the future of the industry is not only confirmed by the recent discourses mentioned in the introduction, but also by the results of this research work.

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