

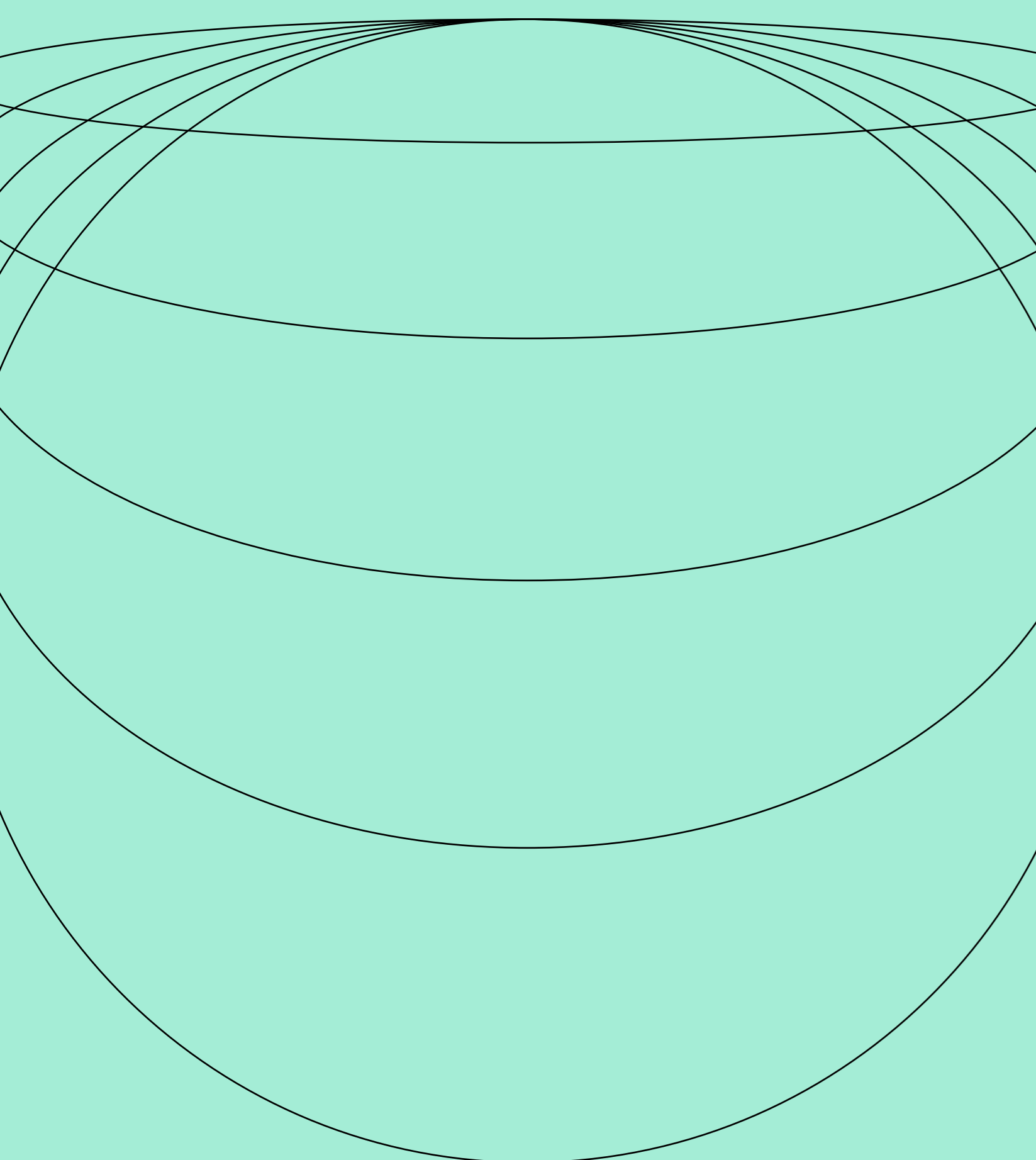


PROPHET

The State of Digital Transformation:
Special Edition

The Rise of the AI-Powered Consumer

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INTRODUCTION

This wave of digital transformation is not like the others



WANT TO WIN THE NEXT WAVE OF DIGITAL TRANSFORMATION? OUR RESEARCH CONFIRMS THAT **IT'S ALL ABOUT CONSUMERS.**

GenAI marks a turning point in digital transformation—one that is fundamentally different from any technology shift we've seen before. Many senior leaders are excited about GenAI's potential to drive large-scale efficiencies. Boards are focused on GenAI risks, but recognize that investments have major potential upside. Others are merely observing the hype, taking a wait-and-see approach.

But what about consumers? Are we thinking enough about what GenAI means to them? As businesses race to deploy GenAI, do they have actionable insights about what consumers want today and tomorrow?

Our findings make it clear that consumers are adopting GenAI faster and at greater scale than many businesses realize, using it to enhance their journeys – and their lives – in meaningful ways.

From these insights – and our analysis of digital transformation over the past decade – we can identify how businesses can apply GenAI not just for optimization or efficiency, but to unlock consumer-centric growth. That's the big idea behind the recommendations we share throughout this report.

What to watch out for with AI-driven change

SUCCESS STARTS WITH RECOGNIZING AND APPLYING LESSONS LEARNED FROM PREVIOUS DIGITAL TRANSFORMATIONS.

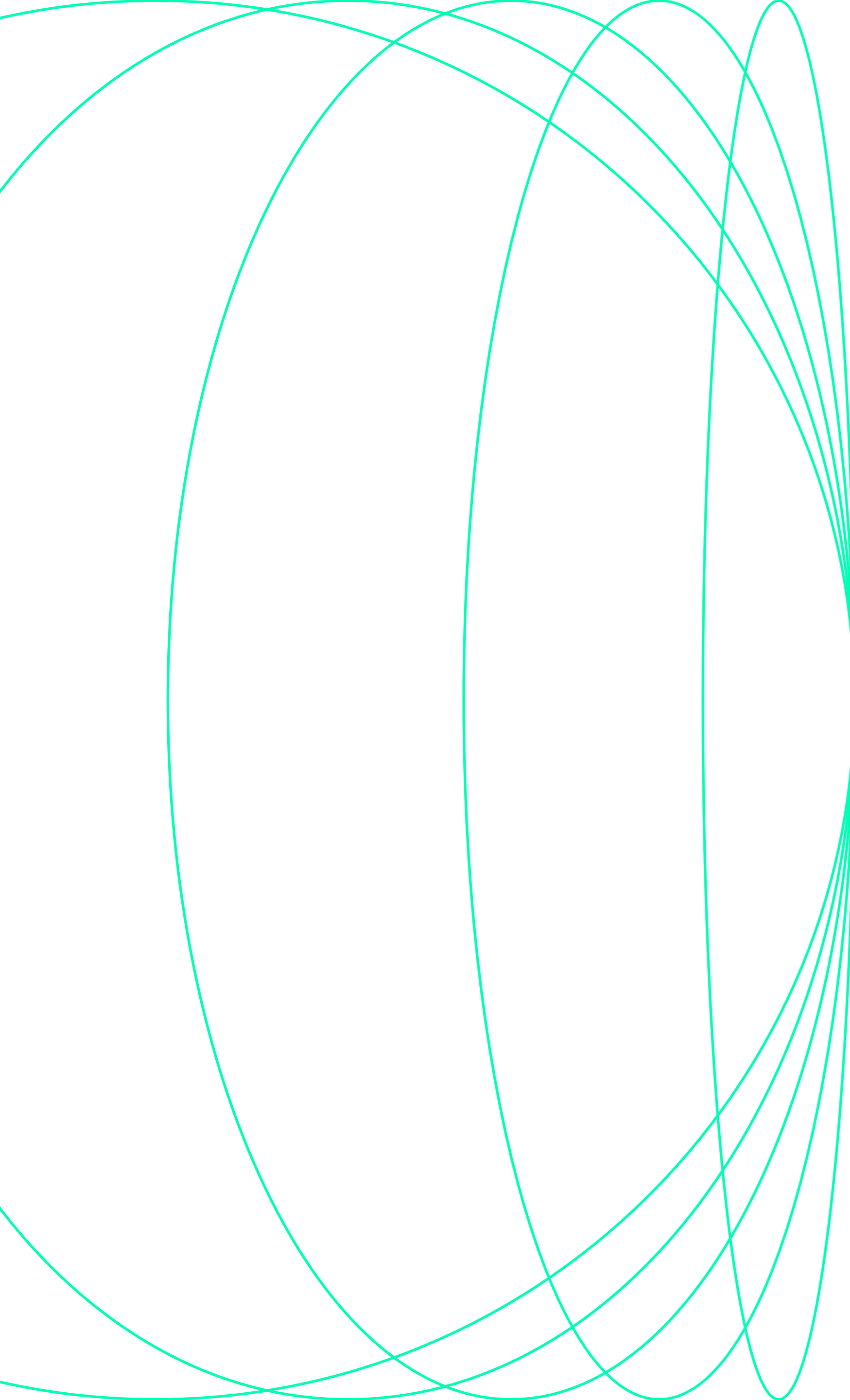
Consumers pick the winners: Today, many firms ask themselves: “How can we use GenAI to do what we already do, better and cheaper?” Efficiency and optimization are important, of course. But previous disruptive innovations show that businesses that get the tech right for consumers win—period. That’s true because digital transformation has always lived at the intersection of what consumers want and what technology can do.

The path from the lab to the living room is surprisingly short: Emerging technologies often gain traction via casual use. Then, as businesses adapt and offer richer solutions, the tech becomes indispensable, altering how consumers spend their time and handle basic tasks (e.g., communicating, shopping). GenAI is on the same trajectory, though moving even faster. That’s an invitation for brands to think bigger (both practically and creatively).

Post-hype disillusionment can prevent scaling: When promising new technology hits the market, there’s a mad rush to pilots. But interest wanes when initial experiments don’t lead to implementations at scale. The common pitfall? Leading with technology vs. the customer needs creates barriers, preventing businesses from hitting ROI targets.

The tech defines what’s possible: Hot new technologies may have similar lifecycles, but each has unique attributes. So how does GenAI break the mold? Primarily through the scope and scale of its disruptive applications and its blindingly fast rates of adoption. To call GenAI the industrial revolution for knowledge work is not far-fetched.





Because it's uniquely powerful, GenAI raises the biggest possible questions:

- **HOW DO WE UNLEASH GROWTH WITH THIS NEW TECHNOLOGY?**

- **WHAT CAN WE NOW DO DIFFERENTLY TO ATTRACT, ENGAGE AND SERVE CUSTOMERS?**

- **WILL WE BE THE SAME BUSINESS TOMORROW THAT WE ARE TODAY?**

For business leaders formulating GenAI strategies and identifying priority use cases, the time is now to raise these questions. Where do we start? With the consumer—and their needs, behaviors and use cases as their journey transforms. Putting them at the center is more important than ever.

EXECUTIVE SUMMARY

The TL;DR on our findings

Consumers are adopting GenAI faster than businesses understand

With an average adoption rate across select countries of 45%, and notably higher rates in China (60%) and Singapore (56%), consumers are taking up GenAI faster and at greater scale than previous breakthrough technologies. Consumers are using GenAI to a greater extent in their personal lives than for their jobs, though there is significant overlap.

So what? Businesses need to enhance their GenAI priorities – from efficiency and optimization to growth and innovation.

GenAI is cross-generational

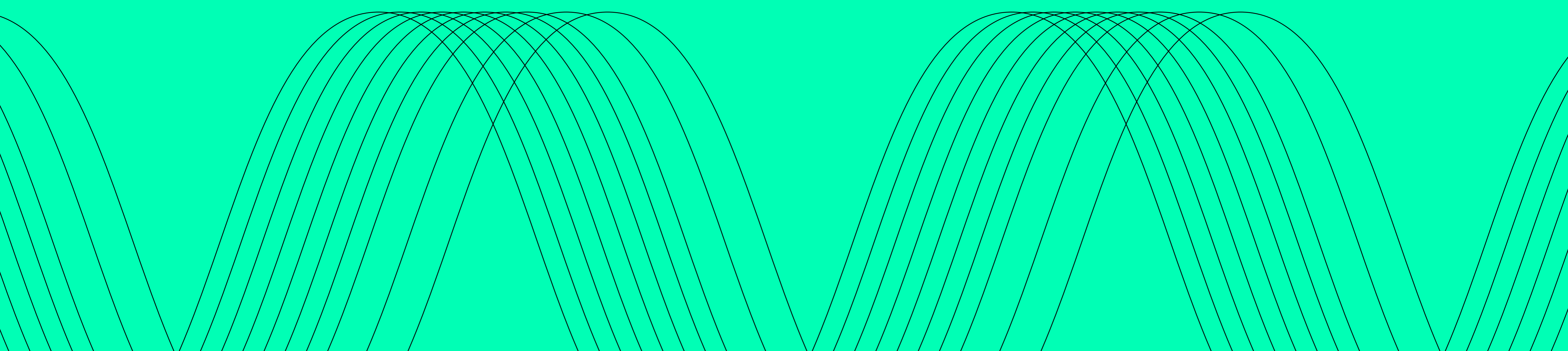
Typically, younger consumers show the greatest interest in new tech. But in the case of GenAI, there is strong adoption by all generations. Millennials—a cohort with high purchasing power—have the highest adoption rates (53%) and show the greatest excitement, while Gen Z remains a bit more skeptical.

So what? The time is now to take notice of consumers' changing journey, and drive engagement with GenAI-enabled offerings.

Consumers want inspiration, discovery and fun—not just productivity

“Entertainment” is the top consumer use case today. Surprising? Not when you consider that 77% of GenAI users believe GenAI provides inspiration and helps them discover new things.

So what? Firms can unlock growth by embedding GenAI into discovery experiences, enhancing their end-to-end consumer journey.



GenAI can improve people's lives (maybe your brand can, too)

Beyond the LOLs and bots, consumers want GenAI to give them coaching and – in some cases – make decisions autonomously. They look for support in meaningful parts of their lives – like boosting their financial well-being (62%) and monitoring their physical health (63%).

So what? Businesses need to proactively chart the path forward, re-imagining the role of their brands and Marketing as GenAI's role in consumers' lives expands.

Yes, there are concerns, but the vibes are mostly good

Consumers are more optimistic than concerned: 76% of survey respondents are excited about the possibilities it creates. The positivity extends to brands: 73% say brands that use GenAI are innovative. Compare that to the 43% of respondents who find it concerning when brands use GenAI, likely stemming from data privacy and ethics concerns.

So what? Consumers are open to bold innovation. But a clear value exchange – including clear communication of benefits offered and AI standards upheld – is necessary to get buy-in.



About our research

ONLINE QUANTITATIVE SURVEY

PARTICIPANTS: N=2427, people aged 18+ who used at least one GenAI tool in the past 6 months for personal/consumer reasons

FIELDWORK DATES: 15th July 2024 – 12th August 2024

MARKETS: United States, United Kingdom, Germany, China, Singapore

Our study included a representative sample of the general population for each country, across a wide range of AI usage and familiarity.

Survey samples are nationally representative in each country. All countries have been given equal weighting (each country represents 20% of the total sample).



	TOTAL	US	UK	GERMANY	CHINA	SINGAPORE
TOTAL	2427	571	598	404	412	442
MALE	55%	58%	56%	57%	48%	54%
FEMALE	45%	42%	44%	43%	52%	46%
18-27 (GEN Z)	19%	23%	17%	15%	17%	22%
28-43 (MILLENNIALS)	38%	40%	35%	37%	40%	38%
44-59 (GEN X)	29%	22%	29%	31%	29%	34%
60+ (BABY BOOMERS)	14%	15%	18%	17%	14%	6%

CHAPTER 1

Consumers are leading the way now and pointing the way forward





Key insight

Consumers are adopting GenAI faster than businesses understand

In our conversations with marketers and other executives, we often hear that consumers may not understand or feel ready to fully embrace GenAI in the same way as businesses and professionals. Our research upends that view. Adoption is strikingly high, despite the nascent state of the technology.

Consumers are more familiar with AI than you may think

45%

of consumers, on average across the markets we studied, have used GenAI in the past 6 months

...Compare that to ~15-30% adoption of social platforms within the first year of launch, or 10-15% smartphone adoption,¹

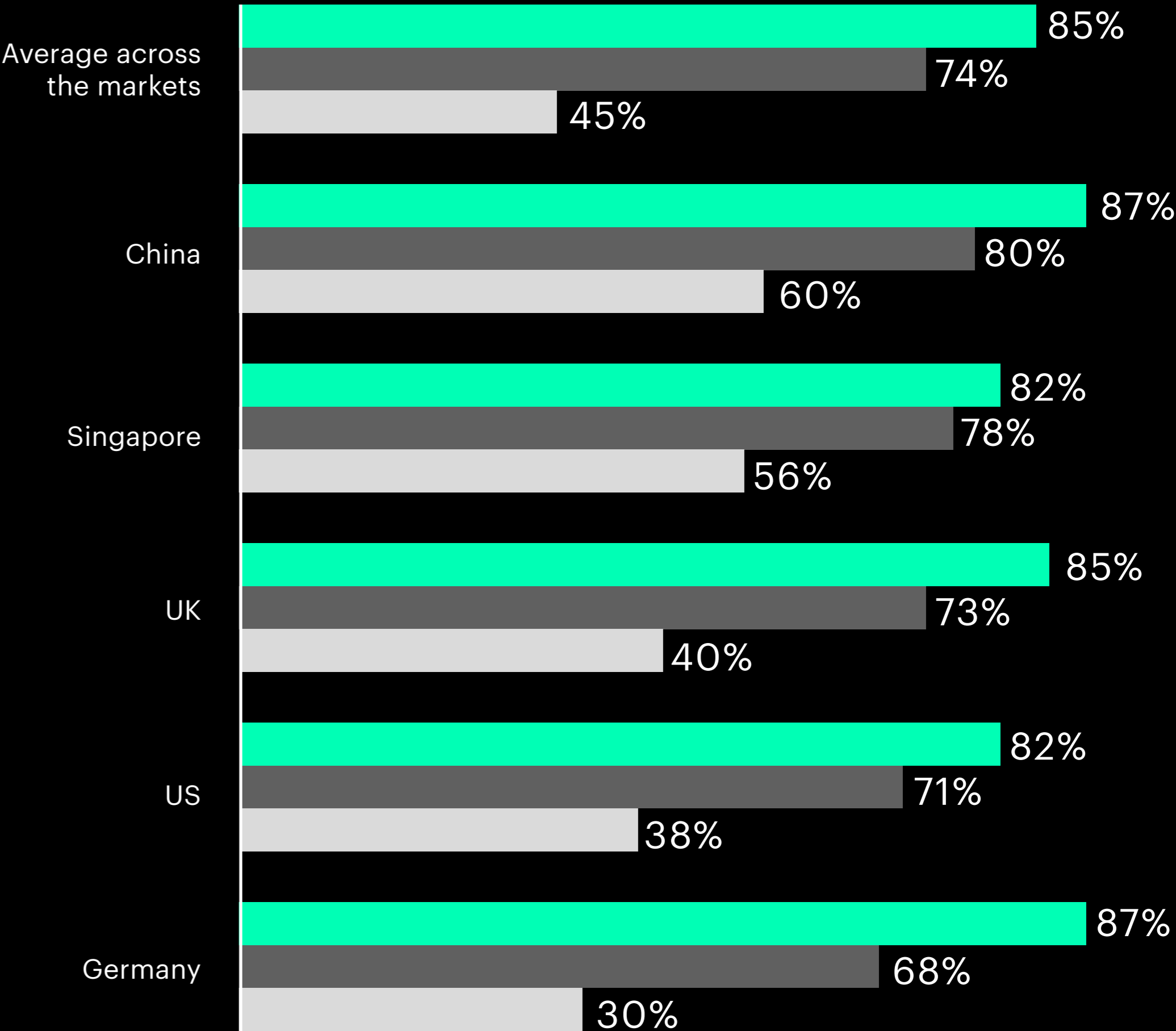
Adoption is highest in select Asian markets: Consumers in China (60%) and Singapore (56%) are using GenAI more than those in other markets we sampled.

¹ World Economic Forum, 2022



Figure A

Awareness and usage of GenAI in the past 6 months



■ Aware of AI ■ Aware of GenAI ■ Used GenAI in past 6m (personally/professionally)

Base: General population, 18+ years old. Total (5,817), China (691), Singapore (787), UK (1490), US (1522) Germany (1327)

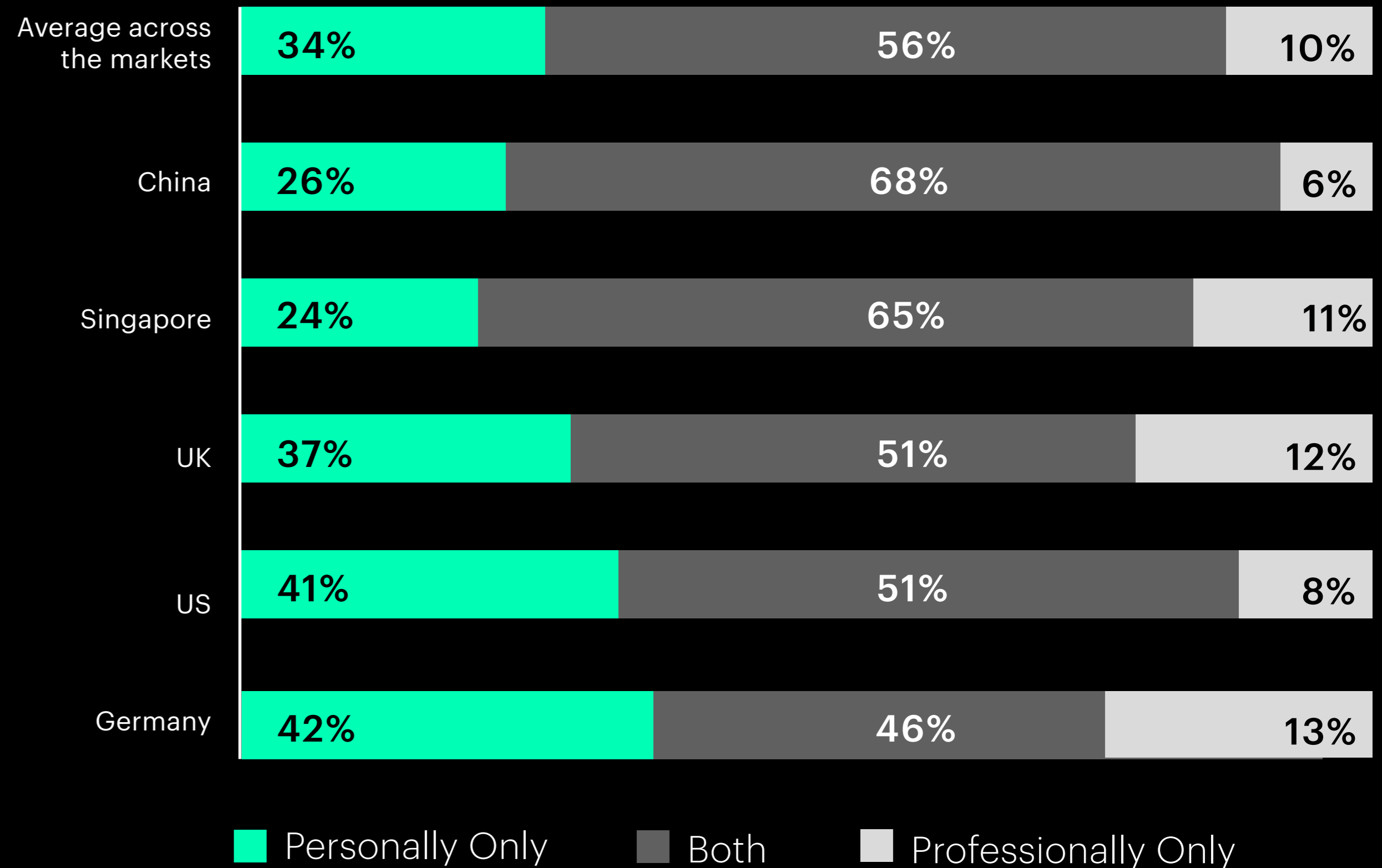


...And despite the common belief that GenAI is for productivity at work, consumer usage is outpacing professional usage

GenAI is not just for work: In fact, 90% of GenAI users indicate they use it for personal reasons. While there's considerable overlap between personal and professional use of GenAI, with 56% using it both personally and professionally, more people indicate they use GenAI *only* for personal use (34%) versus *only* for professional use (10%).

Figure B

Q: Please indicate whether you use GenAI for personal reasons*, professional reasons*, or both



Base: Respondents who have used GenAI for Personally only and/or Professionally only reasons in the past 6 months. Total (2,382), China (412), Singapore (442), UK (570), US (554), Germany (404)

*Personal reasons – including anything outside of your professional or work use (e.g. shopping, planning an event or a holiday, for fun, developing images, etc.)

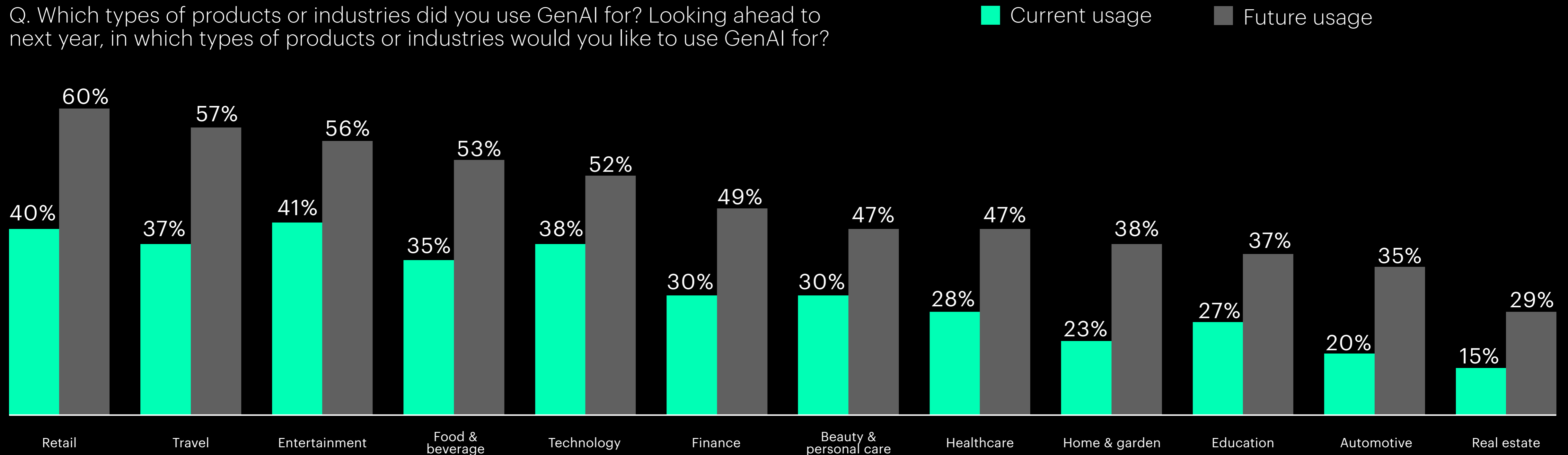
* Professional reasons – including use in/for your office or work/school (e.g., drafting work/school emails, researching topics about work/school, etc.)

Looking toward the future, consumers are looking to use AI in even more contexts that can improve their lives

Consumers want more GenAI in their lives – and more types of companies to embrace it: Consumers are adopting GenAI for more casual pursuits (Figure C), meaning entertainment, retail and technology firms are feeling the most impact at the moment. Based on what consumers would like to use GenAI for in the next year, we can expect to see a significant spike in activity across sectors. This includes in areas like healthcare and financial services, despite potential consumer sensitivities to data sharing. Consumers are clearly open to using GenAI for more - and more personal - parts of their lives.

Figure C

Q. Which types of products or industries did you use GenAI for? Looking ahead to next year, in which types of products or industries would you like to use GenAI for?



Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2,427)

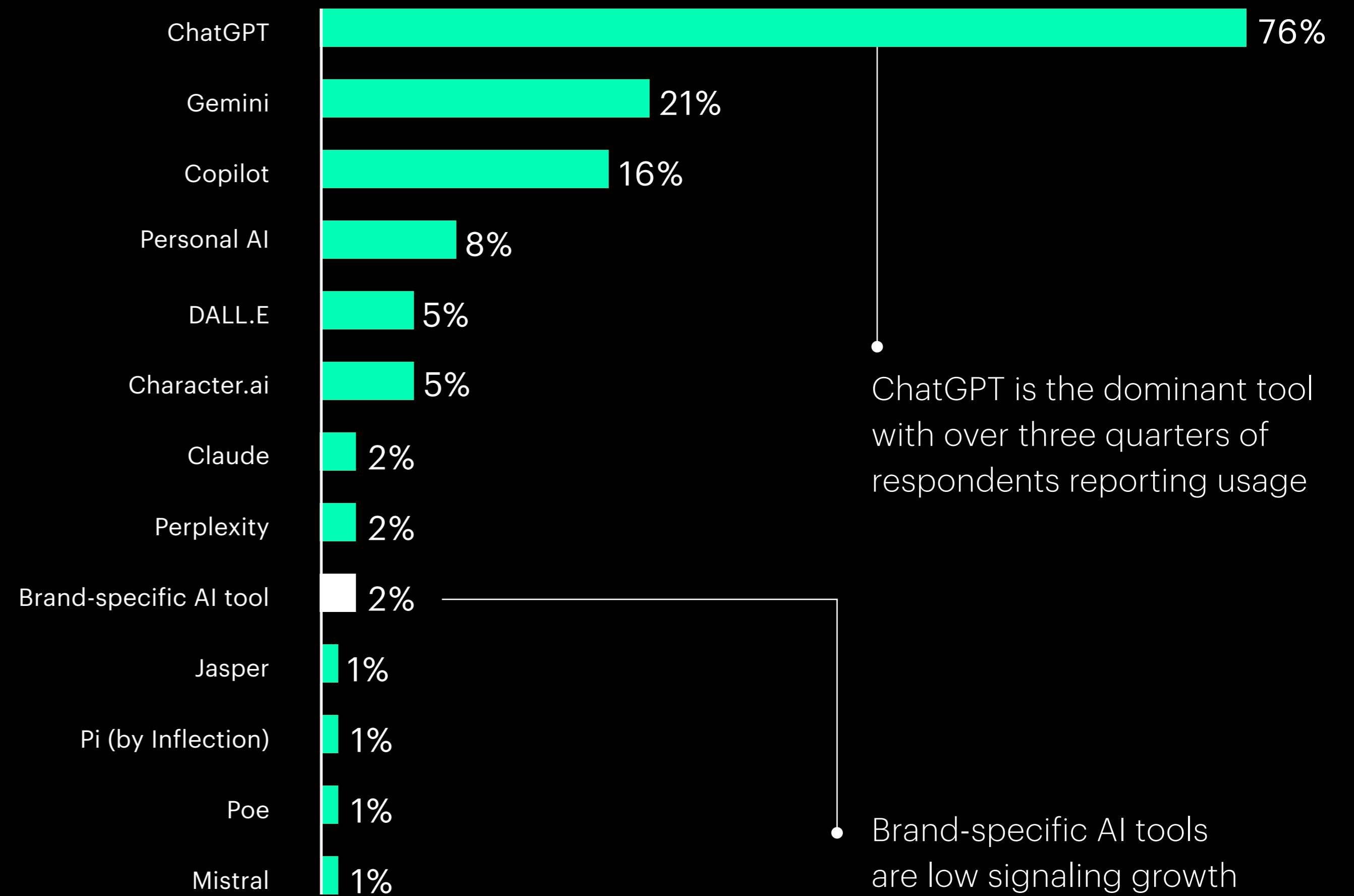
Yet when we look at the tools consumers use today, only 2% are coming from brands themselves, **signaling an enormous growth opportunity**

Looking at the tools GenAI users use, ChatGPT is the best known and most frequently used, both personally and professionally. (Figures D) In China, BAIDU is the top tool. Google's Gemini platform is also popular, leaning heavily toward personal use. Character.ai and Personal AI are other tools also gaining traction.

We can expect more innovation as specialized tools emerge for bespoke use cases (e.g., customized meal planning, fitness coaching on demand, personal shopping). Today, however, only 2% of GenAI users say they have used brand-specific GenAI tools. That signals growth potential for brands that can create the right AI-inspired tools and experiences.

Figure D

Q: Which of the following GenAI tools/applications have you used in the last 6 months?



ChatGPT is the dominant tool with over three quarters of respondents reporting usage

Brand-specific AI tools are low signaling growth opportunities for brands

Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2,427)



WHAT CONSUMERS SAY:

**It is the tech of the
future; powered
by automation and
the power of us.”**

MALE, MILLENNIAL, U.S.



So what's the takeaway?

With consumers setting the pace, brands need to move quickly to engage them where they are. That means thinking bigger with growth-oriented strategies that go beyond productivity and automation. The door is open for branded and bespoke experiences with GenAI embedded into products and services.

CHAPTER 2

Unexpected leaders: Why millennials are even more enthusiastic about GenAI than Gen Z

Key insight

The most AI-forward consumer segments may surprise you. Getting ahead of future needs starts with understanding present mindsets and usage patterns.

Baseline understanding of current consumer behaviors and perceptions is key to getting ahead of evolving needs and emerging trends. GenAI usage will soon be a standard part of audience and persona development, just like digital behaviors and media consumption. Our study revealed interesting differences between important consumer cohorts, as well as contradicting the conventional wisdom that the youngest users always lead the way with new technology.

Millennials vs. Gen Z

Millennials, the generation with currently strong purchasing power, show slightly higher adoption overall (53%). Amongst users of GenAI, they are also the generation that shows the greatest optimism (50%). Gen Z users are less optimistic (43%), though this consumer cohort is still adopting GenAI at high rates overall (50%). Only in Singapore do Gen Z consumers use GenAI more than their millennial counterparts (67% vs. 55%).

Brands aiming for near-term returns on GenAI investments should consider prioritizing millennials. But they must also acknowledge the implications of Gen Z's skepticism, which reflects the high expectations that these digital natives have for consumer technology. Given Gen Z's strong cultural influence and expanding economic impact (soon they will be the generation with the greatest purchasing power), brands must find ways to engage Gen Z with GenAI-infused offerings that resonate.

Examining the differences in generational barriers to frequency in usage may highlight the best paths forward. One important difference between Gen Z vs. millennials is Gen Z's concern that the outputs they get from GenAI are not nuanced or detailed enough to give them what they need (a belief held by 14% of Gen Z and only 8% millennials).



Perceptions and feelings about GenAI



Figure F	Gen Z	Millennials	Gen X	Baby boomers
Optimistic (% selected)	43%	50%	45%	45%
Skeptical (% selected)	21%	14%	19%	18%
Believe brands that use GenAI can better meet their needs (% agree/strongly agree)	54%	66%	61%	57%
Believe brands employ GenAI ethically (% agree/strongly agree)	51%	62%	53%	46%
GenAI adoption rate	50%	53%	42%	24%

Q: Thinking about the future of GenAI makes me....

Q. Please indicate how much you agree or disagree with the following statement about GenAI, on a scale of 1 to 5 where 1 means "strongly disagree" and 5 means "strongly agree." If you are unsure, please select "unsure"

Base: Respondents who have used GenAI in the past 6 months, average across markets. Gen Z (411), millennials (901), Gen X (761), Baby boomer (354)

Why this is happening: Examining barriers

We analyzed the key barriers that prevented respondents from using GenAI more frequently as consumers. Three key barriers stood out for Gen Z relative to millennials:

Figure G

27%

of Gen Z respondents do not feel they are maximizing the full potential of GenAI

23%

do not feel that GenAI output is relevant to them

14%

do not believe the outputs are nuanced or detailed enough

Base: Respondents who have used GenAI in the past 6 months but use it only once a week or less, average across markets.
Gen Z (41)





WHAT CONSUMERS SAY:

I've tried things like ChatGPT for itinerary planning and it's helpful. But I feel like it **doesn't get that detailed**. Like if I want to know the safest place to walk around as a woman, it can't give me that yet."

GEN Z FEMALE, FREQUENT GENAI USER, U.S.

Females vs. males

Females are often key decision-makers for purchases across categories. But they are adopting GenAI at a slower rate than males by about 9 percentage points across the five markets we tested. China is the only exception, where usage by females surpasses that of males (62% vs. 57%).

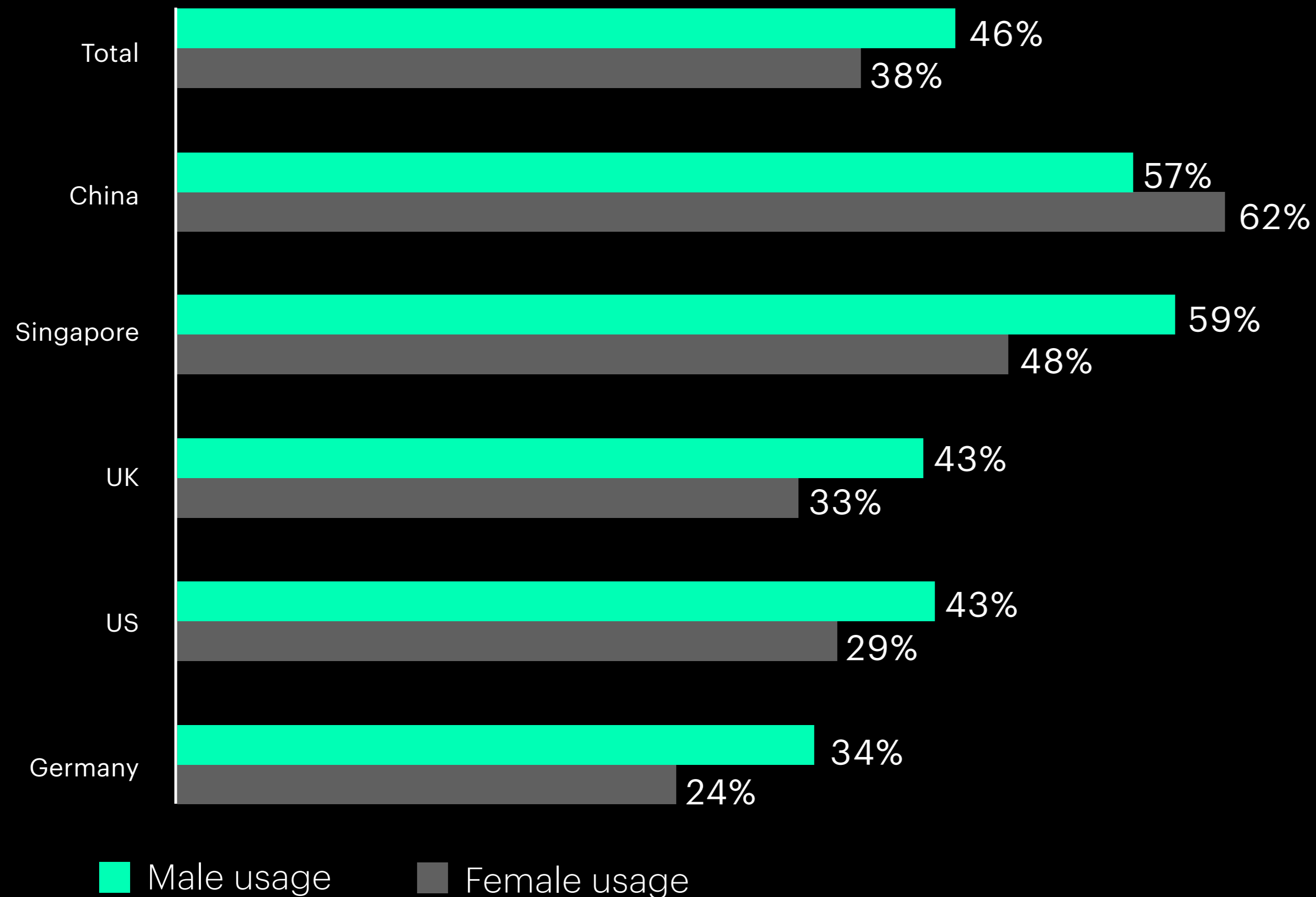
What's holding them back? Women are more likely than men to say that they do not have enough time to explore the technology's full capabilities. The implication is that brands will need to deliver education and onboarding that seamlessly fits into the customer experience, focused on use cases that are worth their time to explore.



Females, often key decision-makers for purchases across categories, show slower adoption

Figure H

GenAI usage across markets by gender



“I don’t have enough time to explore the full capabilities of GenAI.”

THE KEY BARRIER DETERRING FEMALES FROM TRYING GENAI VS. MALES

Base: General population, 18+ years old. Total: Male (2,573), Female (2,724); China: Male (383), Female (369), Singapore: Male (406), Female (424), UK: Male (530), Female (563), US: Male (580), Female (646), Germany: Male (674), Female (722)



So what's the takeaway?

Current GenAI usage patterns and attitudes should be incorporated into all forms of persona mapping, laying the foundation for tailored offerings for each priority audience. Monetizing GenAI-enabled products and experiences will be easier with millennials in the near term. The higher expectations of Gen Z and women require more long-term innovation and creativity, and highly targeted, micro-use cases.

CHAPTER 3

Beyond productivity: Consumers expect GenAI to drive discovery





Key insight

Consumers see GenAI as a vehicle for inspiration, discovery and creativity across the journey – and definitely more than just a productivity tool.

Many business leaders see the main upside of AI as helping people complete tasks more efficiently and boosting productivity.

But, outside the workforce, consumers see more interesting and creative ways to use AI, in addition to handling practical matters. In fact, “Provides me with entertainment (e.g., generating memes, images, etc.)” was the top use case in our survey, cited by 33% of survey respondents. (Figure I)

Inspiration equals excitement

GenAI users are looking to GenAI for inspiration, discovery and generating new ideas:

GETTING INSPIRED

77%

of respondents believe that GenAI provides inspiration and helps them discover new things

MAKING DISCOVERIES

70%

of respondents believe that GenAI will help find opportunities they'd otherwise miss

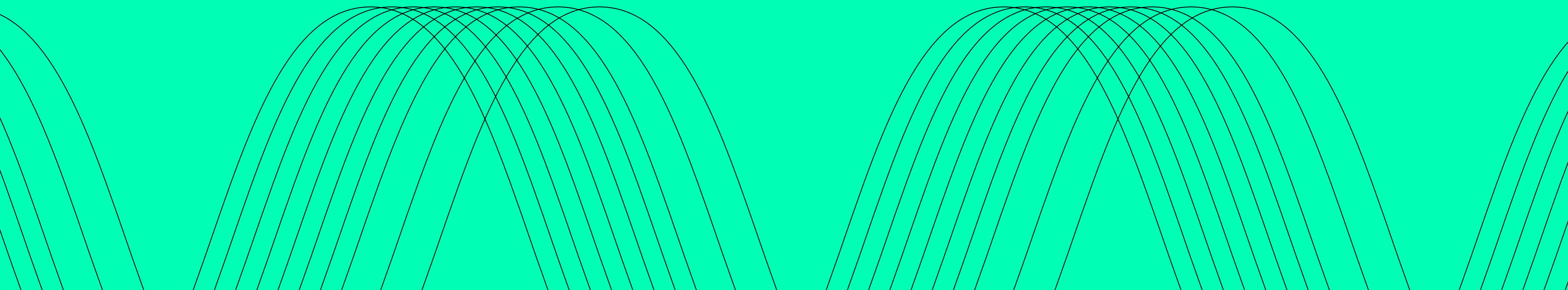
GENERATING NEW IDEAS

76%

of respondents believe that GenAI will help them generate new ideas tailored to their interests and goals

Q. Please indicate how much you agree with the following statements on a scale of 1-5 (responses reflect % agree/strongly agree)

Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2,427)



Personalization is the expectation

Key use cases consumers expect to adopt in one year include:

28%

Receiving personalized guidance on making smart purchase decisions

26%

Building personalized products and services tailored to their lives

23%

Suggesting sustainable living practices and eco-friendly products tailored to lifestyle preferences, with notably higher interest among consumers in China (37%)

Faster and easier interactions will be expected. But more personalized experiences will get consumers excited. Recommendations alone won't be enough. Brands should think in terms of using GenAI to personalize products and services and create memorable experiences that drive discovery.

Q. Looking ahead to next year, how would you like to use GenAI in your personal life? Please focus on personal applications rather than work-related ones.

Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2,427)



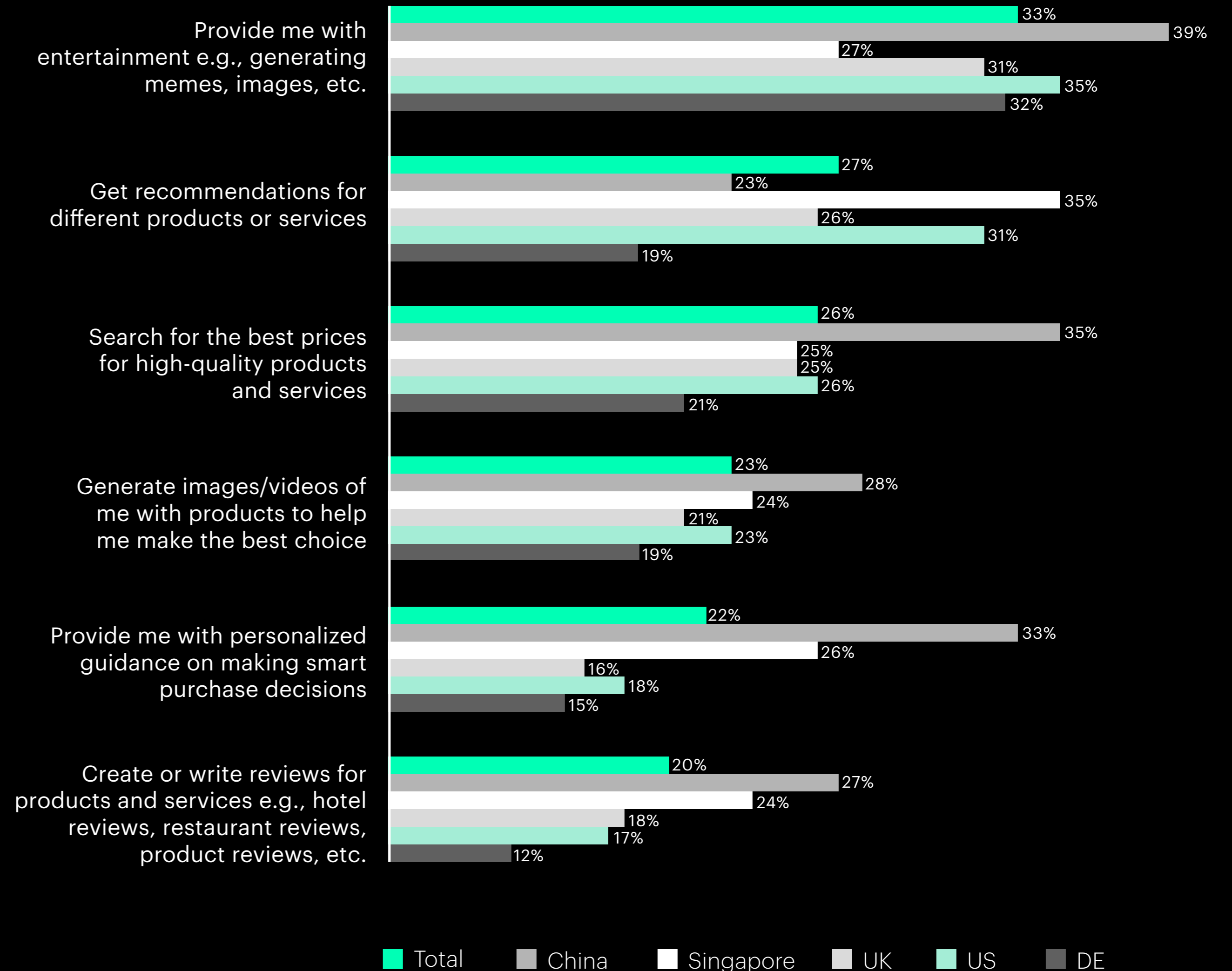
Top consumer use cases show that GenAI is for more than productivity

Entertainment is the top—but not the only—popular creative use case. Getting recommendations for different products and services (27%) and generating images/videos of the consumer with products and services (23%) also rank highly with our survey respondents. In Singapore, receiving recommendations for products and services is the most common GenAI use case, the only market we surveyed where entertainment wasn't the top choice.

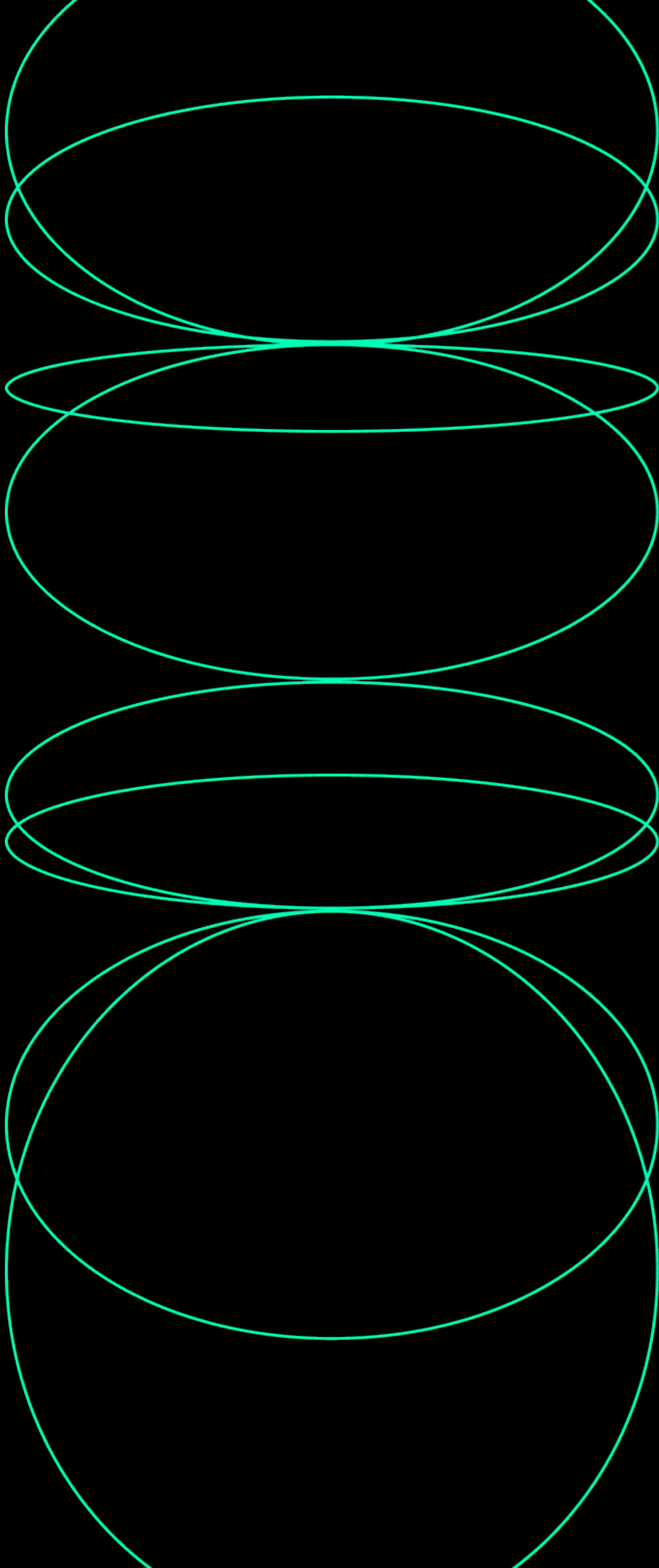
In shaping their GenAI strategies, brands can focus on the clear demand for richer applications, like those that help consumers picture how they'll look with and use new products and services. Recommendation engines that offer personalization and visualization are an opportunity for businesses to connect directly with consumers.

Figure 1

Q: Which of the following reason(s) best describe(s) why you used these GenAI tools for various personal (not work) purposes?



Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2427), China (412), Singapore (442), UK (598), US (571), Germany (404)



“How can we use GenAI to help customers discover and see the value of using our products?”

THAT'S A QUESTION BRANDS SHOULD BE ASKING.

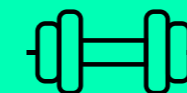


GenAI in action for brands

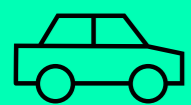
Consider the many different options for brands to deliver inspiration and discovery. For example:



VIRTUAL ASSISTANTS THAT CURATE SHOPPING LISTS AND MENUS FOR A DINNER PARTY OR FAMILY GATHERING



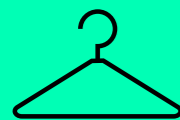
A HEALTH AND WELLNESS EXPERT THAT DESIGNS PERSONALIZED NUTRITION PLANS, WORKOUT SCHEDULES AND SKINCARE ROUTINES



VISUALIZATION TOOLS THAT HELP PROSPECTIVE CAR BUYERS DESIGN THEIR DREAM VEHICLE



FINANCIAL PLANNING SOLUTIONS THAT LINK DIFFERENT ACCOUNTS, TRACK FINANCIAL NEWS AND OFFER GUIDANCE (INCLUDING EMOTIONAL AND PSYCHOLOGICAL SUPPORT) TO KEEP INVESTORS FOCUSED ON GOALS



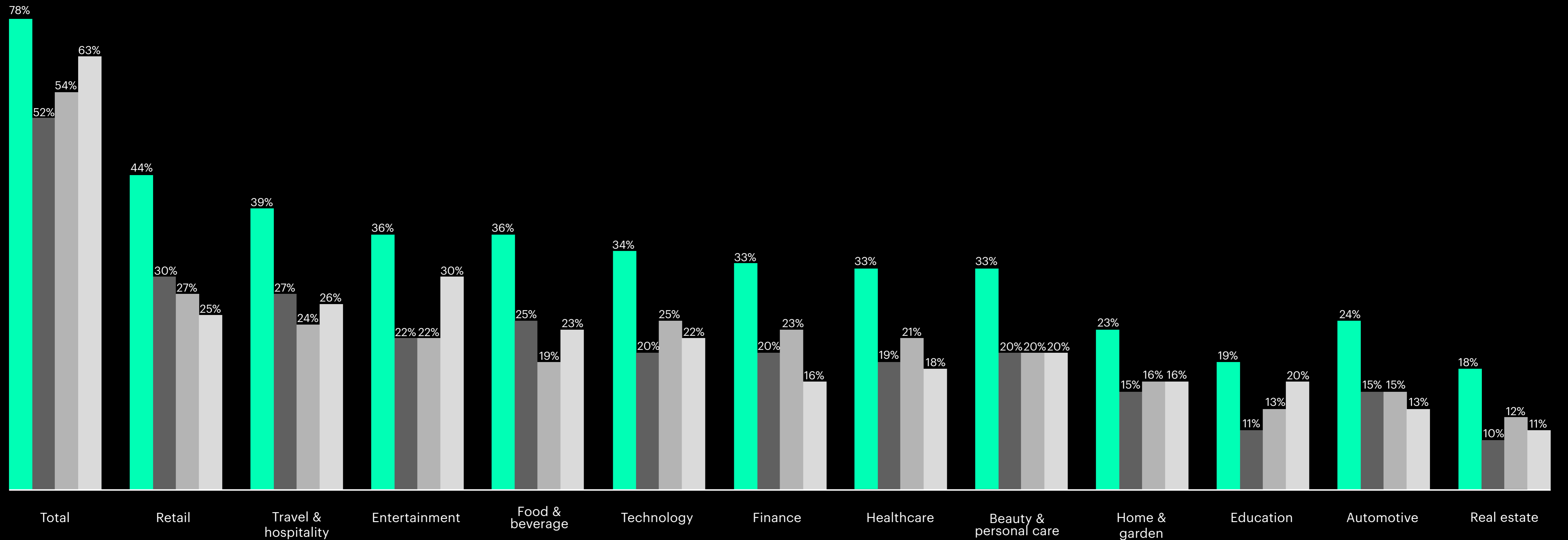
SMART SEARCH CAPABILITIES THAT LOCATE JUST THE RIGHT JACKET FOR A WEDDING - AND ENVISION WHAT IT LOOKS LIKE WITH CLOTHES YOU ALREADY OWN

GenAI is transforming consumer journeys

GenAI usage is—and will continue to be—highest in pre-purchase, but ongoing usage across the journey will rise within the next year (63%).

Figure J

Q: Looking ahead to next year, in which types of products or industries would you like to use GenAI for?



Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2427) Responses for each product/industry reflect % of those who expressed interest in using GenAI for the products/industries listed above (n= 72-1490)

■ Pre-purchase ■ During purchase ■ Post-purchase ■ Ongoing



Where consumers once may have started the purchase process by searching Google, checking with a friend or influencer or browsing inside a store, GenAI is an increasingly common first step. GenAI is particularly useful for complex purchases, where consumers are looking to break down specific parameters and identify the best products and services for them.

Enabling consumers to find and access your brand through other GenAI tools (e.g., ChatGPT, Gemini, Baidu) will be part of the formula for success. It will also require new marketing capabilities and outputs, including:

FRESH, AUTHORITATIVE, CONSISTENT AND HIGH-VALUE CONTENT

UNIQUE INSIGHTS AND EXPERTISE THAT CAN'T BE REPLICATED ELSEWHERE

OPTIMIZING CONTENT FOR NATURAL LANGUAGE QUERIES AND CONVERSATIONAL SEARCH THAT GOES BEYOND BASIC KEYWORDS

Some brands may consider engaging directly with Large Language Models (LLMs) to integrate content and insights through APIs or custom GPTs (e.g., educational brands could integrate APIs that provide direct access to learning materials).

At purchase, GenAI can drive decision-making. For example, AI avatars can function like in-store assistants, helping consumers customize products and services in line with their preferences. AI agents can even automate purchases on consumers' behalf.

Post-purchase, there are opportunities beyond the AI-enabled chatbot. Generating reviews for products and services is an application of interest to 21% of GenAI users. There is similarly high interest in using GenAI to optimize loyalty and rewards, particularly within hospitality (e.g., using natural language queries to find the best way to combine points across programs). On the whole, our findings show that consumers are open to using AI across their journeys. (Figure K)

In designing every phase of the journey, brands should carefully orchestrate human and AI-enabled interactions, aiming for seamless integration that is always focused on serving the consumer.

Figure K

Consumers are using GenAI throughout their journeys

BREAKING DOWN COMPLEXITY

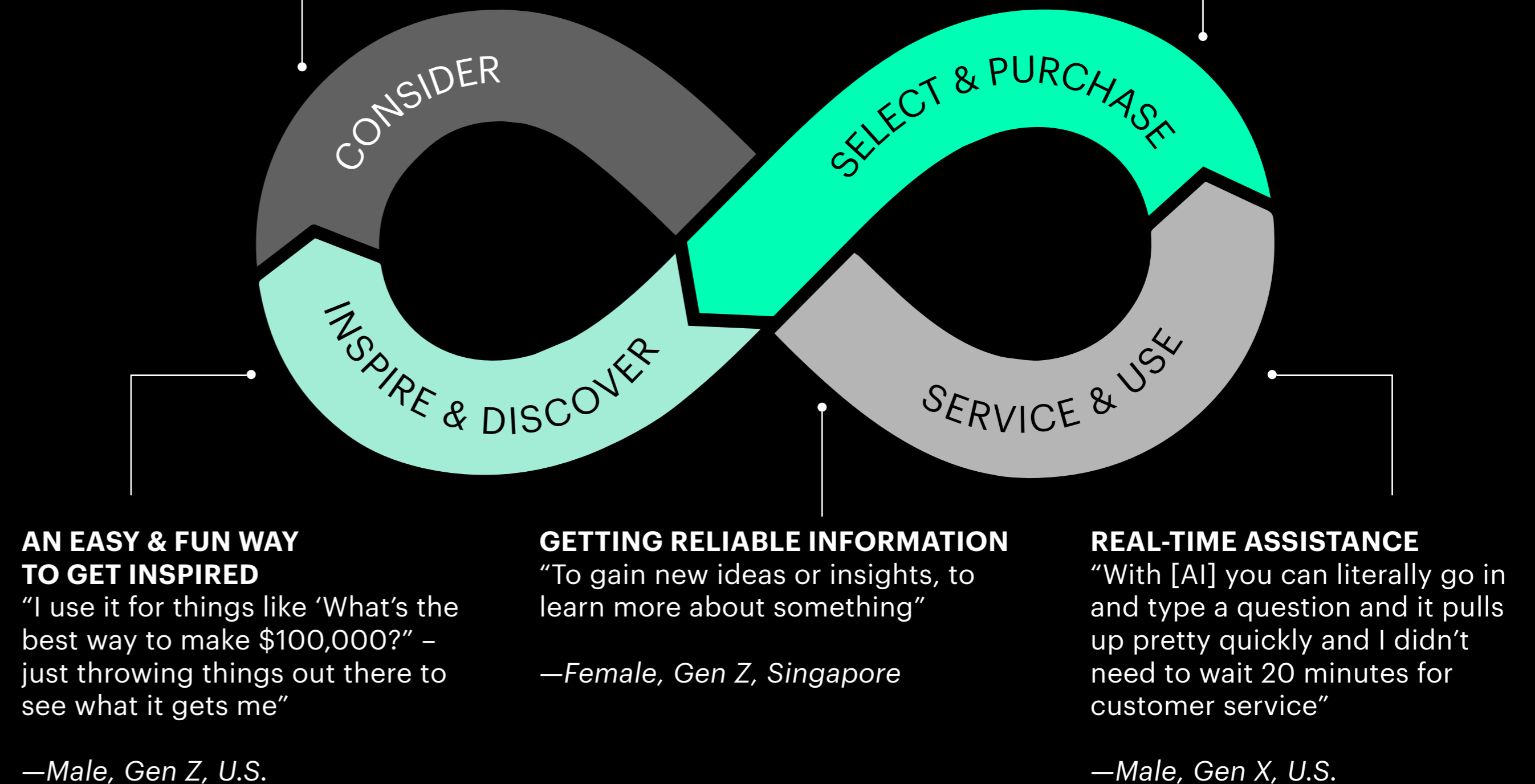
"I use it to collect DIY ideas to repair something at home or make improvements in the garden"

—Female, millennial, Germany

MAKING THE "JUST RIGHT" PURCHASE DECISION

"[AI] can lead me to look at a product that I normally wouldn't have. When there's like 5,000 of a particular item [on a website], I'm not going to scroll through all of them"

—Male, baby boomer, U.S.



For brands seeking to make the most of GenAI across the journey, the key questions include:

How will your consumers find information about and discover your products?

How can AI and data start doing the work for them, assisting and automating decisions?

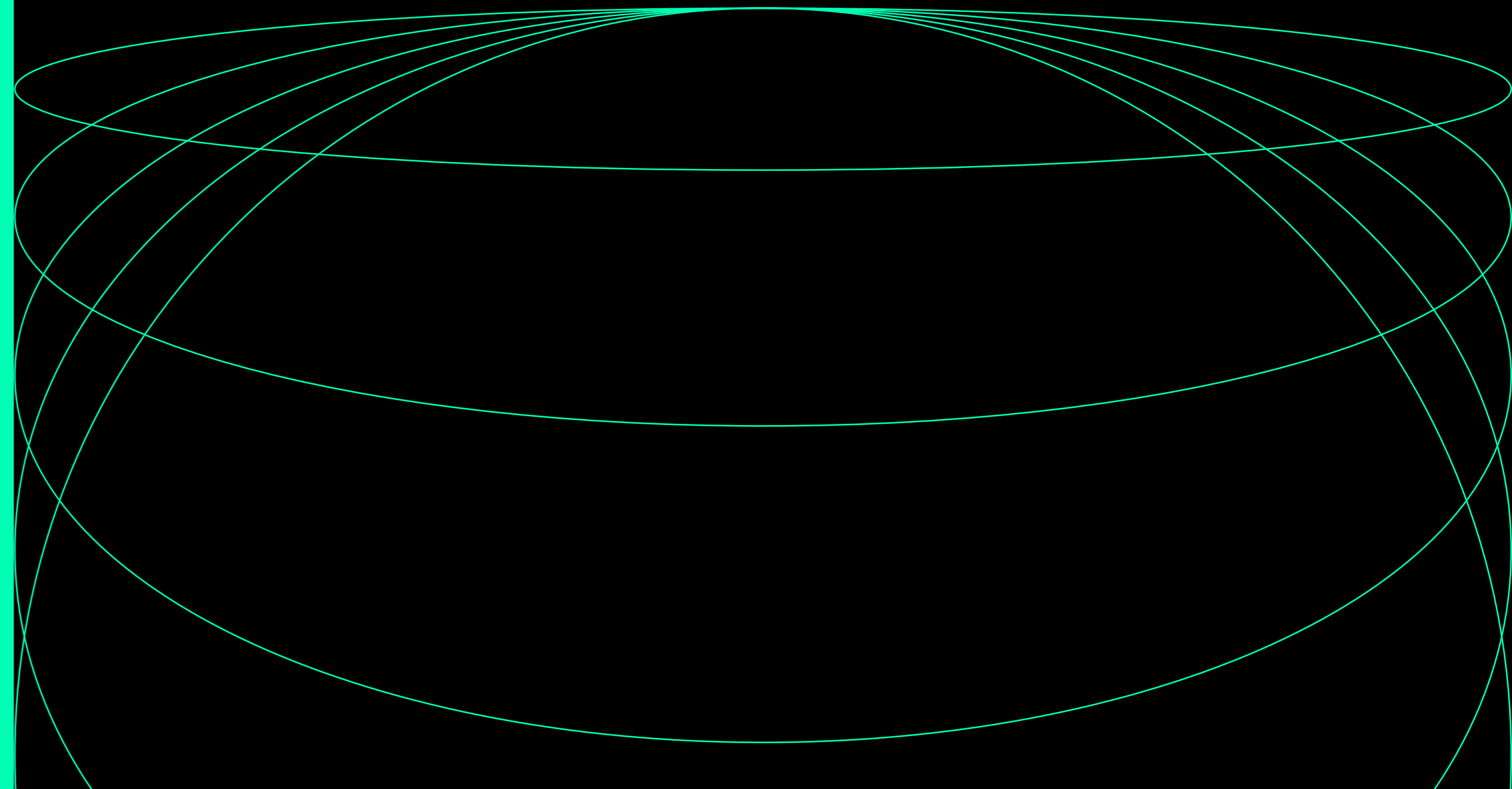
Where can GenAI play a role within specific touchpoints and alongside other tools and channels?

When and where do we need to provide access to human support?

What is the long-term plan to use GenAI for retention and loyalty?

Keeping up with fast-moving consumers

Because of the fast-paced evolution of this technology and consumers' continually rising expectations, point-in-time insights won't be enough. Marketers need to think in terms of always-on learning and monitoring. AI-enabled analytics tools can help you achieve visibility into real-time consumer behaviors, as well as capture inputs from a variety of sources (e.g., market scanning, social listening, consumer research). These insights can inform future-back views of the optimal consumer journey.





So what's the takeaway?

The inevitable transformation of the consumer journey demands fundamental shifts in marketing capabilities. Brands also need to deliver their own GenAI-enabled experiences to drive inspiration and discovery, necessitating new forms of creativity.

CHAPTER 4

Take the wheel AI: Consumers want help from AI coaches and agents





Key insight

Beyond basic tools, consumers are looking for AI coaches and independent agents to proactively improve their lives, opening the door to innovative, branded solutions and experiences that give GenAI a more prominent role.

Though leisure and entertainment are the primary use cases today, consumers aspire to use GenAI to improve their lives and create new possibilities. They'll naturally gravitate toward brands that offer tools and experiences that bring that potential to life:

78%

believe that GenAI improves people's lives by automating tasks and boosting efficiency

76%

are excited about the possibilities GenAI opens up

69%

are excited about brands that integrate GenAI tools to improve their experience

Q. Please indicate how much you agree with the following statements on a scale of 1-5 (responses reflect % agree/strongly agree)

Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2,427)



WHAT CONSUMERS SAY:

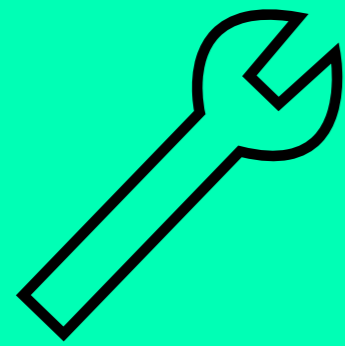
“AI’s future technological developments can help humans **create a better life.**”

MALE, GEN X, CHINA



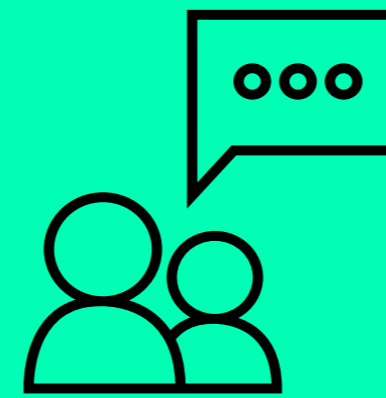
So just how far do consumers want to go with GenAI? Do they want simple but powerful tools? Helpful assistants? Truly independent agents? For a substantial percentage of consumers, the answer is all of the above.

Figure L



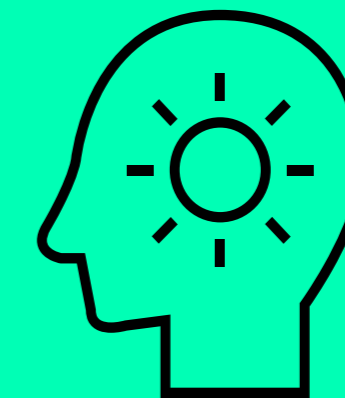
GenAI as a tool

Use cases that require users to actively participate in tasks, enabling them to do something else



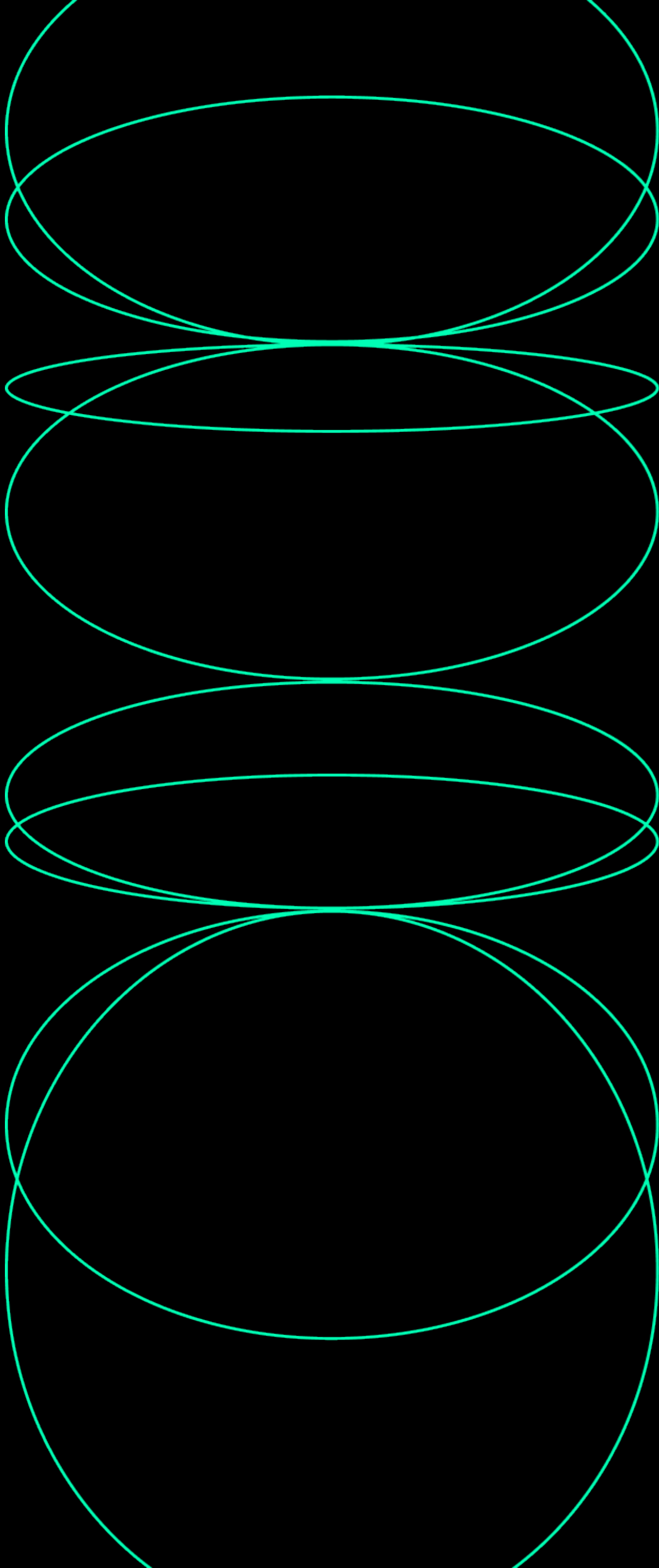
GenAI as a coach

Use cases that help consumers receive proactive guidance and support



GenAI as an agent

Use cases that work on consumers' behalf, automating actions based on deep understanding



“In a world where GenAI agents lead decision-making, what will be the role of brands?”

THAT’S A QUESTION BRANDS SHOULD BE ASKING.



By 2025, 70% of consumers would like to use GenAI as either a coach or an agent. AI coaches and agents will specialize in completing more complex tasks on consumers' behalf, like activating the optimal ways to use loyalty and rewards points, negotiating the best prices with other AIs and building and customizing products and services.

We'll see increasing adoption of use cases with greater utility. Consumers will expect greater personalization in this AI-enabled guidance; 72% of our survey respondents believe GenAI will empower them with recommendations that perfectly match their needs and preferences. Brands wanting to meet that expectation will need to ensure their first-party data strategy is up to the task.

Our research also highlights the tasks consumers will turn over to AI. 55% of consumers believe GenAI will advocate on their behalf, negotiating with brands and companies to get the best products and services for the best price. Brands need to prepare for a world where AIs autonomously handle research, bargaining and other tasks most consumers do on their own today.

The use cases with a large gap between current consumer usage and future preferences represent opportunity for innovators. Based on our findings, we think first-movers will realize success with tools that use natural language processing to:

- Optimize the benefits of loyalty and rewards programs
- Personalize recommendations related to sustainability
- Verify brand and marketing claims

But these examples just scratch the surface of the possible. There are many other opportunities for brands that move boldly, creatively and quickly with AI solutions for consumers' unmet needs. That's how GenAI will become indispensable.

The path forward will be different for different industries. Demand for GenAI solutions in areas like healthcare and finance will increase significantly:

63%

of survey respondents believe that GenAI will help them monitor their health more effectively—offering early warning signs and personalized health advice, and overall reducing their concerns about unexpected medical issues

62%

believe that GenAI will empower their financial well-being—helping them analyze spending patterns and refine investing strategies

Q. Please indicate how much you agree with the following statements on a scale of 1-5 (responses reflect % agree/strongly agree)

Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2,427)





So what's the takeaway?

Winning AI growth strategies will be designed from the future-back, factoring in why, how and when customers will use GenAI for personalized recommendations and, ultimately, autonomous decision making. Bold leaders can challenge their organization to find new spaces where the brand has or could gain permission to go. In a world where people aren't necessarily making decisions, brands will have to build relationships with AI coaches and agents via high-quality data and precision messaging.

CHAPTER 5

The right value exchange wins over even AI skeptics





Key insight

Consumers have their concerns, but they are addressable through a clear value exchange, transparent communications and the right blend of human and AI interactions.



Figure M

Perceptions of brands using GenAI across markets

73%

respondents agree/
strongly agree that
brands using GenAI
are innovative

43%

respondents find it
concerning when
brands use GenAI

Q. Please indicate how much you agree with the following statements on a scale of 1-5
(responses reflect % agree/strongly agree)

Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2,427)

So, what are consumers concerned about? And how can brands overcome those issues?

Fear of data privacy and data misuse (cited by 66% of our survey respondents) tops the list of concerns that prevent users from adopting GenAI. Brands can address these concerns by clarifying how they're using GenAI and linking those applications to their overall purpose and values. That's exactly what consumers expect: 80% of our survey respondents believe it's a company's responsibility to develop GenAI guidelines and ethics. Similarly, 82% want brands to disclose their use of the technology.

In the minds of consumers, transparency is a baseline, making it standard operating procedure for brands. But As GenAI becomes integrated into all kinds of consumer experiences in the future, too much information is a real risk. It's not too soon for brands to start thinking about the right level of disclosure. Brands should identify when disclosure is helpful and when it becomes annoying or even overwhelming to consumers.

For example, alerting users that a new AI-powered chat widget may get some answers wrong at first is helpful; disclosing every video marketers generate using AI may not be necessary.



Consumers crave transparency – particularly in ways that aren't disruptive to their experience

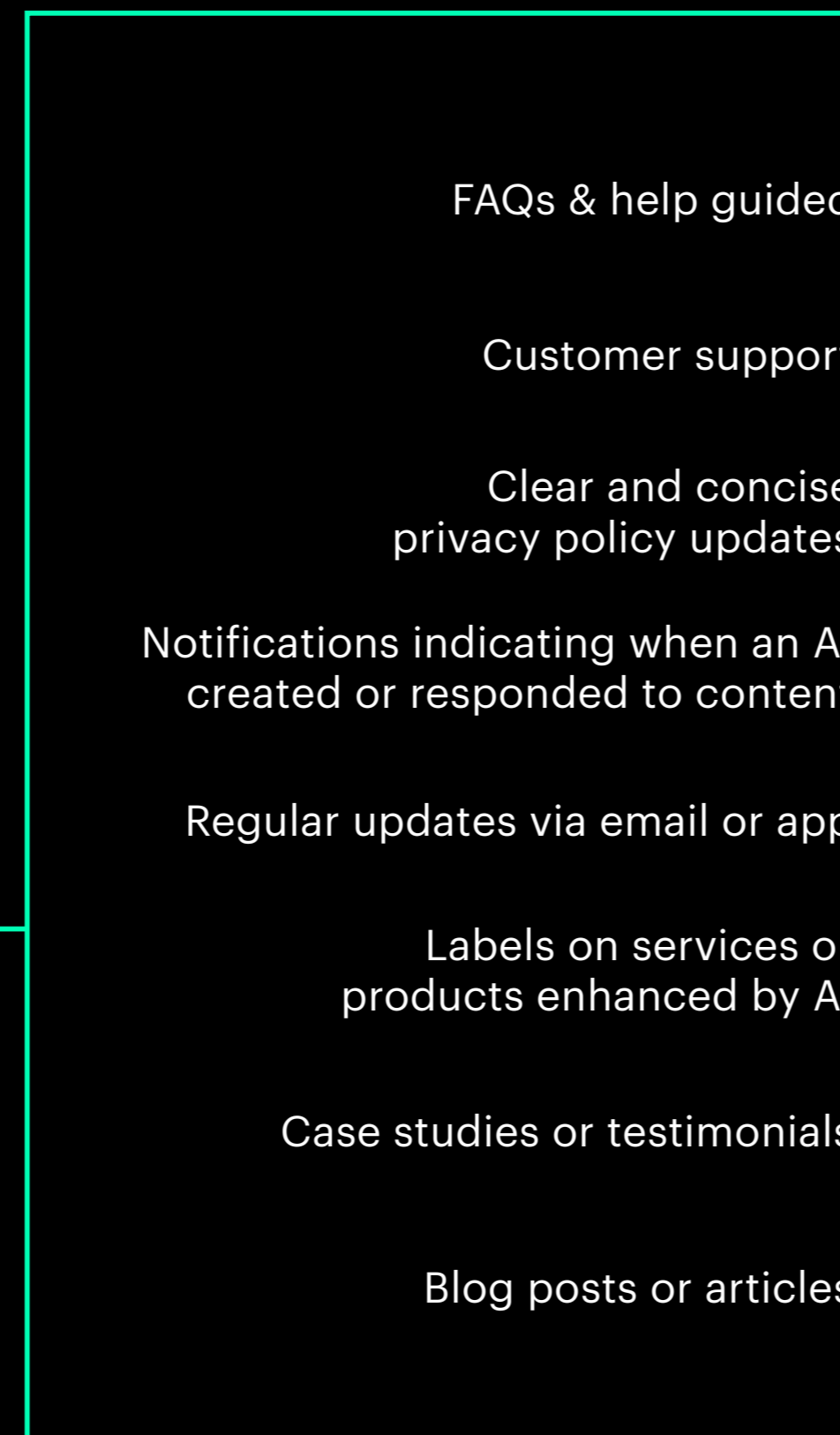
Figure N Expectations of brands on their use of GenAI

80%

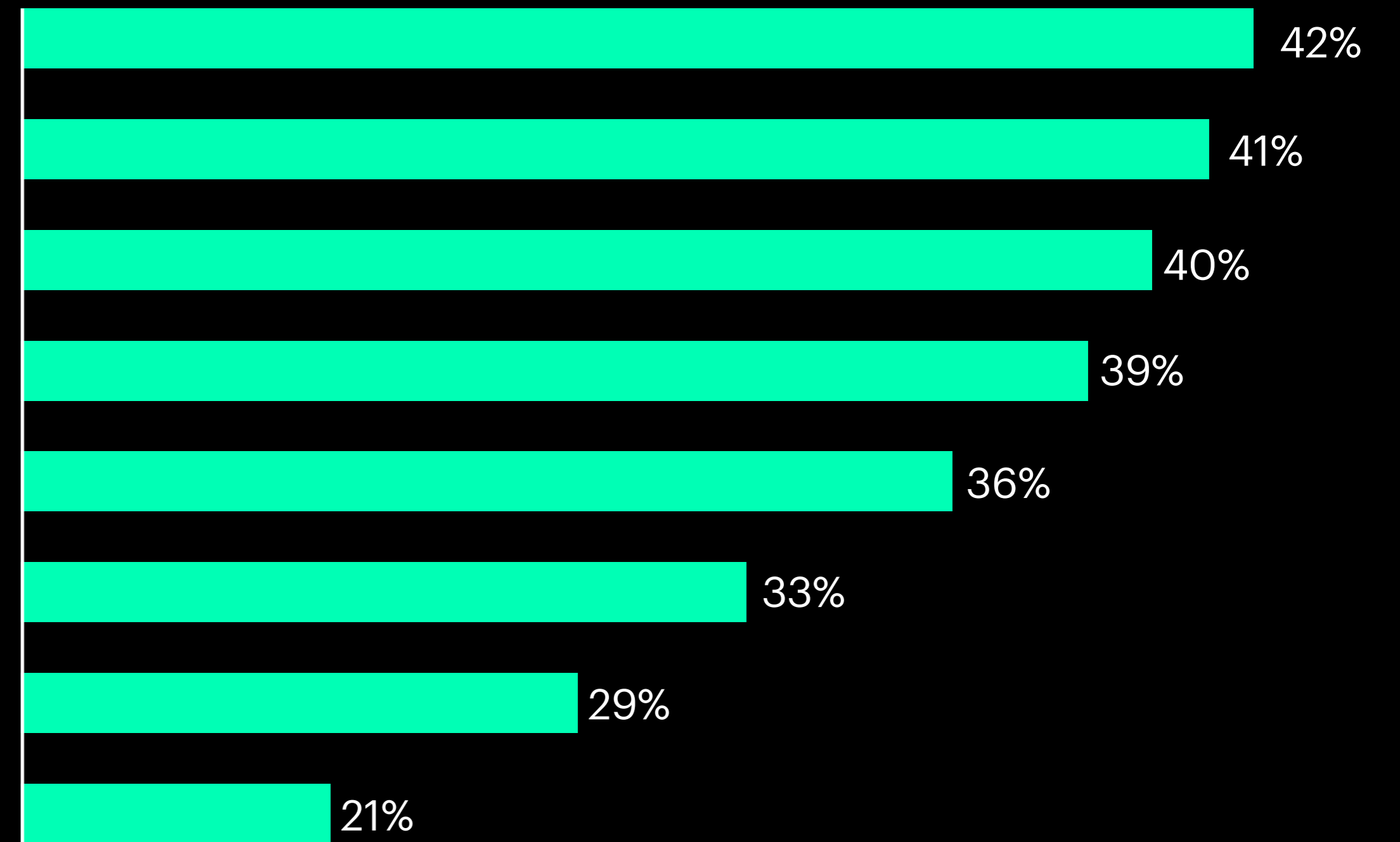
of respondents believe it is the company's responsibility to develop GenAI guidelines and ethics

82%

of respondents want to be told when brands use GenAI in their products and services



Q: How would you prefer the brand to communicate about its GenAI integration to inform and reassure customers like you?



Q. Please indicate how much you agree with the following statements on a scale of 1-5 (responses reflect % agree/strongly agree)

Base: Respondents who have used GenAI in the past 6 months, average across markets. Total (2,427)

Education matters

Millennials – the most AI-bullish cohort – are the most likely to say they understand how personal data is used (62%). This understanding could be contributing to their overall adoption and optimism toward the technology. Educating consumers about GenAI can put them at ease and build trust, especially relative to areas of GenAI anxiety: more than half of our survey respondents said they worry that AI might eliminate human interaction or reduce human connection (57%). Even more (63%) fear too much automation without a human in the loop.

This has been a common flaw in past waves of digital transformation, when automated customer support processes felt anything but supportive. It's critical that brands leverage GenAI not for GenAI's sake (or primarily to reduce their labor costs), but for the benefit of the consumer.



So what's the takeaway?

Creating the right value exchange means being transparent about your intention so users will adopt the AI-infused services and experiences.



Final Thoughts

For all of GenAI’s ability to automate processes and supercharge worker productivity, and for all the fear-mongering about bots taking everyone’s jobs, we believe that good, old-fashioned customer centricity is how brands will win with GenAI. After all, consumers are at the vanguard of adoption.

REVOLUTIONARY TECH DEMANDS UNCONVENTIONAL THINKING

We believe thinking bigger about how your brand can deliver inspiration, promote discovery and help consumers create holds the key to unlocking uncommon growth with GenAI. That means prioritizing growth use cases, and innovating new products, services and business models.

SYNCHRONIZE NEAR-TERM OBJECTIVES WITH LONG-TERM PLANS

Your strategy should reflect that GenAI is a technology of the future that consumers have already adopted—that means seeking near-term returns while also looking toward bolder, future deployments. Because GenAI arrived in consumer-ready form sooner than many of us expected, brands must move with urgency. Identify where to deploy AI to enhance existing offers, value propositions and business model(s)—and where to fundamentally transform and build entirely new ones.



YOUR CONSUMER JOURNEY NEEDS RE-IMAGINATION

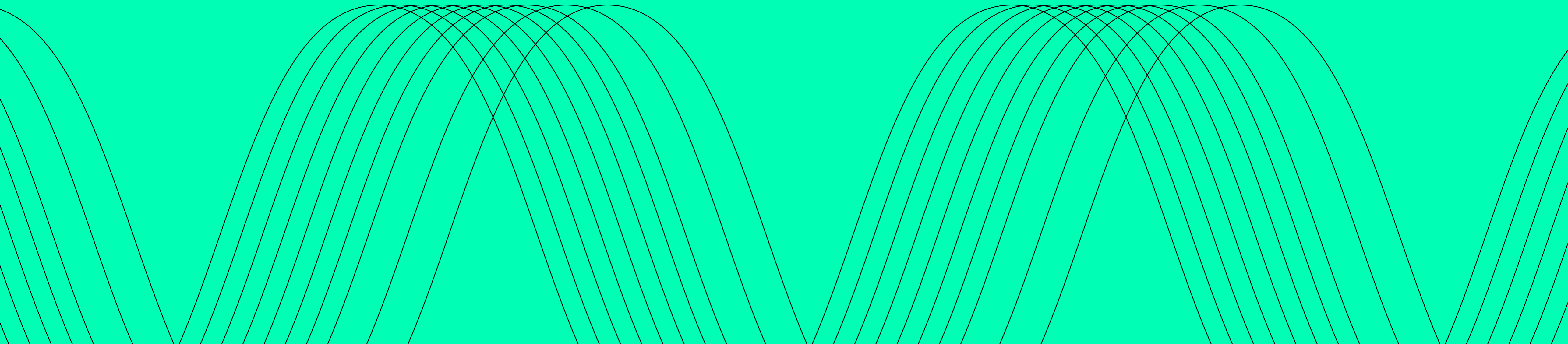
In less than five years, most marketing tactics will become ineffective. Today's key capabilities – search, content marketing, journey orchestration – need a major makeover. And because consumer behavior will evolve so quickly, it's critical to monitor and observe with greater frequency and sensitivity. Prepare your organization for these fundamental shifts on two fronts—using AI internally to enhance your marketing efforts and to serve consumers with AI-powered experiences.

RETHINK THE ROLE OF YOUR BRAND

GenAI's shift from a tool that consumers use to an independent agent that works on their behalf creates new possibilities for brands. Strong visual and verbal brand identities can create consumer affinity. Connecting brand to your business strategy and embedding your brands within high-value, AI-enabled experiences can attract new customers and promote trust with existing ones.

TAKE A DEEP BREATH – PREPARE THE ORGANIZATION AND INFRASTRUCTURE

As businesses race forward with first-generation use cases, many get stuck in the experimentation phase, often because they don't take the time to establish the foundation necessary to achieve scale. Investing the time to build the necessary infrastructure – including data governance, technical platforms, computing capacity, skills and capabilities and organizational structures – will enable you to move more quickly and opportunistically in the future.



The bottom line

Firms that put consumers at the center of their GenAI strategies and execute with a human touch – even with a little heart and soul – will be best positioned to unlock uncommon growth. The many failed and subpar transformation efforts make it clear: it's not about the tech, but how the tech can deliver value to customers.

With GenAI, it's tempting to focus on the tech, because it's so cool and powerful. But it's best to keep your eyes on the prize – value that's potentially off the charts for customers – because that's what will unlock uncommon growth for your business.

Work with us

This research is applied and brought to life in Prophet's client engagements. We help organizations unlock uncommon growth by understanding and taking advantage of digital disruption. There are several ways to work with us:

- **AI consulting:** Creating future-back business and brand positioning strategies that help you act on GenAI consumer and business trends to drive results
- **AI-enabled products and experiences:** Envisioning and bringing to life new products, services, and experiences that are enabled and accelerated by GenAI
- **Enabling your marketing organization for the age of GenAI:** Understanding your marketing vision, activating relevant use cases, deploying new capabilities

**INTERESTED IN LEARNING MORE?
CONTACT OUR TEAM TODAY.**

About the Authors



Chan Suh
Senior Partner &
Chief Digital Officer
prophet.com/author/chan-suh



Chiaki Nishino
President
prophet.com/author/chiaki-nishino



Lauren Papes
Associate Partner,
Digital
prophet.com/author/lauren-papes



Erin Weissert
Partner,
Insights & Analytics
prophet.com/author/erin-weissert

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