



Executive  
Perspectives

08

# Transformation through AI and GenAI

## Customer Engagement

*December 2024*

## Introduction

As part of our ongoing series of C-suite conversations on AI, we are sharing our most recent learning in a series designed to help navigate the rapidly changing world of AI. After working with over 1,000 clients in the past year, we've found that AI is at an inflection point: in 2024, the focus is on turning AI's potential into real profit.

In this edition, we discuss the future of customer engagement and the role AI will play in turbocharging the way companies interact with customers and generate ideas. We address key questions including:

- How can AI help ideate new products/services?
- How can AI use data to improve product fit and gauge customer reception?
- How can AI turbocharge personalized customer communication?
- How can AI transform the way we communicate with customers?
- How can AI augment the capabilities of existing teams?

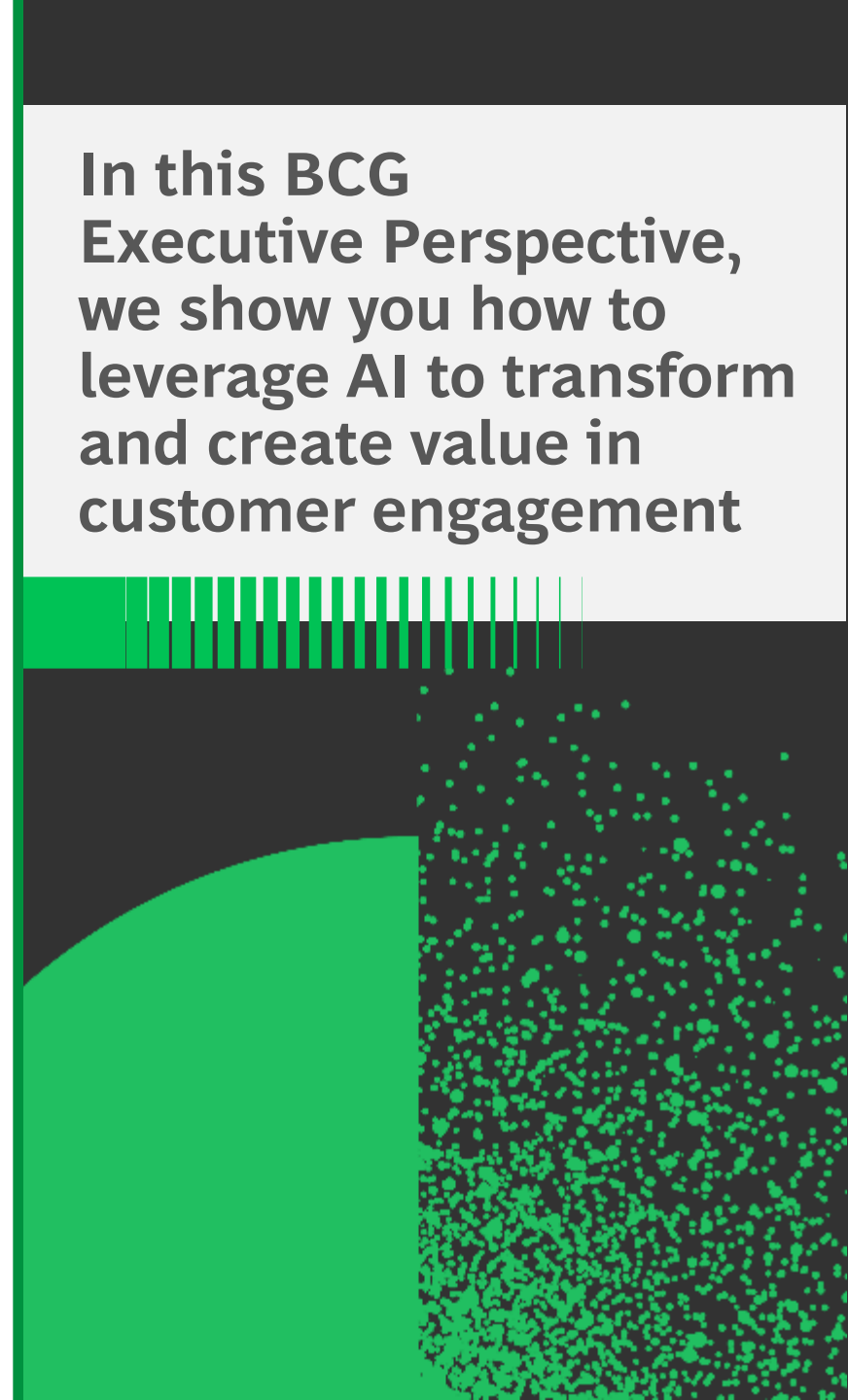
**We identify company archetypes poised for maximum growth through AI-powered customer engagement...**

Consumer-focused companies with high customer interaction	Large enterprises with complex sales processes	Organizations seeking innovation acceleration	Customer service-oriented companies
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**...yielding the quickest path to value and first-mover advantage**

**This document is a guide for CEOs, customer engagement leaders, and product development teams to cut through the hype around AI in customer engagement and understand what creates value now and in the future.**

**In this BCG Executive Perspective, we show you how to leverage AI to transform and create value in customer engagement**



# Executive summary | Leveraging GenAI to enhance customer engagement

## AI reinvents customer engagement in three ways

The rapid advancement of generative AI (GenAI) is revolutionizing how companies engage with customers, reshaping traditional insights, marketing, sales, and service functions into highly personalized, efficient, and innovative processes. The transformative potential of GenAI centers on three critical levers:

- **Market mirror – virtual simulation of customer feedback (i.e., what you offer):** GenAI empowers businesses to enhance value propositions through customer intelligence and synthetic persona-driven insights
- **Creativity at scale (i.e., what you communicate):** By enabling hyper-personalization at scale, GenAI allows companies to craft tailored content across all channels, significantly increasing engagement and relevance
- **Conversational capability (i.e., how you engage):** GenAI-driven conversational agents and virtual sellers are transforming customer interactions, providing seamless, personalized, and efficient experiences

## The human element is key to succeed

To fully seize these opportunities, organizations must transform **people, processes, and technology**. This means creating AI-centric roles, upskilling teams, and adopting agile structures. **Empowering people** is crucial to unlocking AI's full potential

## Transform to lead in the AI era

This deck provides a strategic roadmap for implementing GenAI, guiding organizations from initial adoption to fully integrated (3-18+ months), AI-powered customer engagement. By embracing these innovations, businesses can achieve unprecedented levels of efficiency, innovation, and customer satisfaction, to be leaders in the digital age

# AI is revolutionizing business, fundamentally reinventing how companies engage, innovate, and deliver experiences

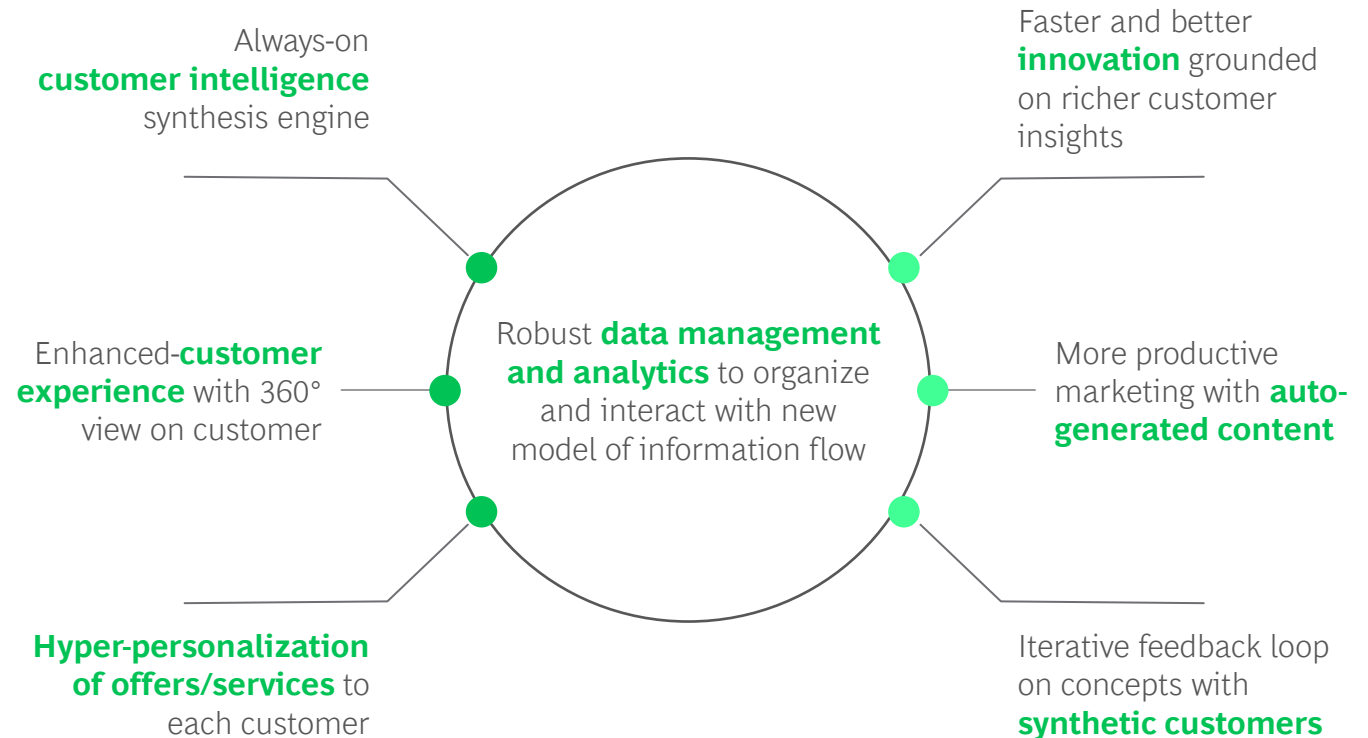
## GenAI is already driving near-term enhancement...

### Select examples

- Mass qualitative interviews at scale
- Real-time segmentation and trends
- AI-assisted synthesis and queries of data sets
- Interrogation of synthetic panels
- Automation of survey drafts

Source: BCG experience

## ...with a large potential to transform the way companies engage with customers and organize around customer intelligence



# Customer intelligence drives competitive advantage, yet many fail to turn it into better results

## Many types of customer intelligence...



Primary research (quantitative, qualitative)

First-party data

Social listening

Market data

Etc.

## ...informing many customer-centric decisions...



Differentiated value proposition



Optimized go-to-market activation



Improved customer experience



White space identification



## ...with proven value

**~10-20%**

Revenue growth

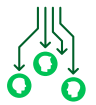
**~15-25%**

Cost savings  
*from optimized operations and activation*

**~20-40%**

Brand advocacy

# What if AI-driven customer intelligence could help you answer key business questions...



## Brand messaging

How can we position and message our brand to resonate effectively with our priority demand spaces?



## Pricing and value

How can we align different pricing, promotion levels, and service offerings with our consumer targets?



## Consumer engagement

How can we optimize CRM<sup>1</sup>, influencer and digital marketing, and customer experience to maximize consumer engagement?

1. Customer Relationship Management. Source: BCG experience



## Product/offer development

What products, services, and experiences should we develop to meet our customers' needs?



## Go-to-market execution

What strategies should we use to promote our offerings via strategic distribution, advertising, and sponsorships?



## Investment decisions

Which partnerships should we develop to deliver both functional and emotional value to our customers?

...yielding faster, better, cheaper results?



Quality

**Higher**

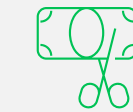
Innovation quality



Speed

**3-5X**

Faster insights-to-impact process



Cost

**30-40%**

Cost saved on qualitative research

# GenAI's transformative power is redefining insights-driven customer engagement in three ways

## 1 What you offer

Market mirror

Informed by customer insights, BCG's GenAI platform "**market mirror**" drives **enhanced value proposition and innovation**

**More compelling value proposition, precise targeting of customers; increased speed and efficiency of innovation and activation**

Example: Strategic insights enable a consumer goods company to turbocharge innovation for impact, reaching 10x concepts in 10x shorter time

## 2 What you communicate

Creativity at scale

Strategic planning ensures targeted, creative, and scalable **hyper-personalization**

**4x faster content generation and 5x faster copywriting, enhancing communication efficiency; decreased cost of acquisition**

Example: Strategic GenAI integration allows a biopharma company to enable "always-on" content generation throughout marketing value chain; delivers more content in less time

## 3 How you engage

Conversational capability

Engagement strategies optimized with **GenAI-driven direct and human-led interactions**

**2x customer acquisition at sustained CPA<sup>1</sup>, with improved customer satisfaction and LTV<sup>2</sup> (brand loyalty); decreased cost to serve**





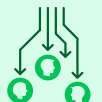





Example: A software company implements a "GenAI sales assistant" to support B2B sales teams, enhancing lead quality and allowing reps to focus on relationship building, which improves customer satisfaction and loyalty



1. Cost per Acquisition; 2. Lifetime Value.

# Market mirror | A comprehensive solution is essential to harness GenAI for revolutionizing customer engagement...

## Core advantages

-  Deep “always-on” insights  **Ongoing data capture, deep synthesis across diverse data sources, and interactive insights repository** (e.g., proprietary business data, market, primary customer insights)
-  Synthetic twins  Segmented customer **demand space "synthetic twins" trained on key drivers of choice**, and a panel of business expert stakeholders to generate and react to ideas
-  Continuous market testing  **Forward-looking market simulation to test, refine, and prioritize** ideas of value proposition (e.g., GTM<sup>1</sup>, innovation, pricing)
-  Dynamic dashboard for strategic scenario planning  **Dynamic interface generating tailored outputs based on user prompt** (e.g., messaging, reports, marketing copy and visuals, scenario planning and war gaming)
-  360° customer centricity  **Democratized access to insights, customer-centric value proposition, innovation, and activation**



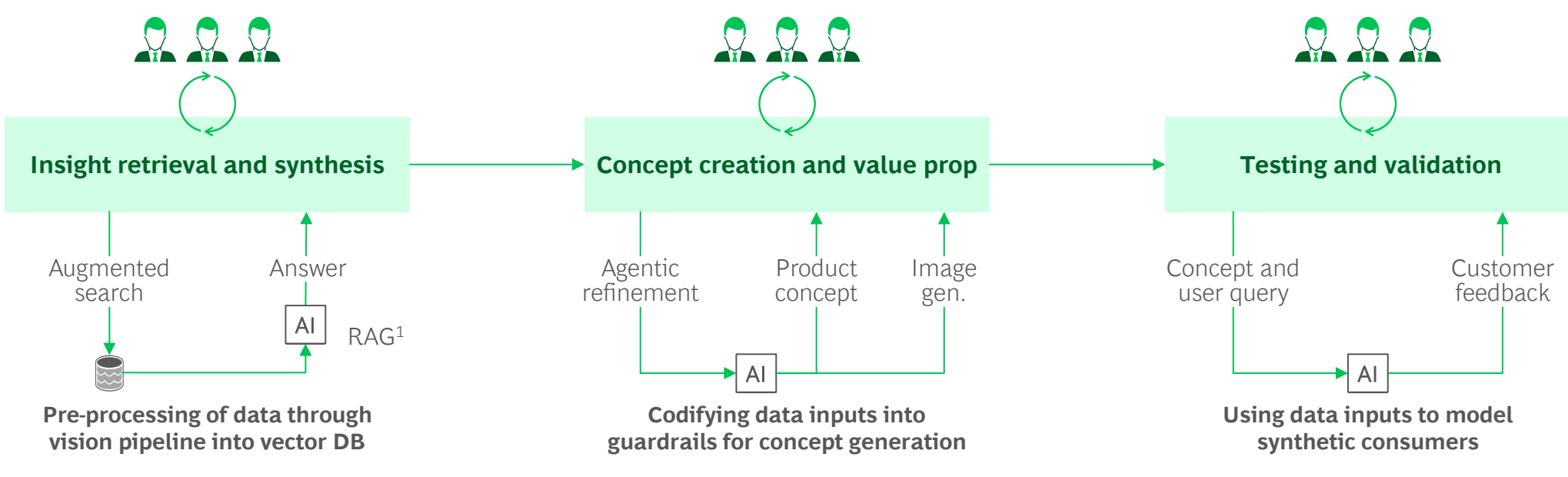
# Market mirror | ... leveraging advanced, actionable insights and dynamic innovation to differentiate and guide strategy

Illustrative

**Key enablement**

**GenAI platform**

**Data (e.g.)**



- Market and customer intelligence (3P/1P)
- Social listening/posts and reviews
- Primary customer insights (2P)
- Demand Centric Growth output<sup>2</sup>® (i.e., emotional and functional needs of demand spaces)
- Brand-specific checklist
- Legal and R&D guidelines
- BASES tests
- A/B tests
- Entire compendium of DCG output

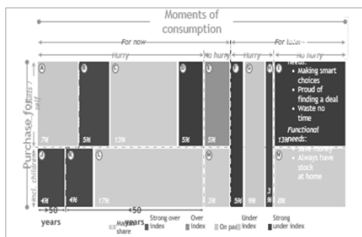
1. Retrieval augmented generation & re-ranking & multi-query; 2. BCG's proprietary Demand Centric Growth offer leverages deep customer insights to unlock untapped market potential, driving strategic growth that maximizes revenue and market share, positioning companies for significant competitive advantage

# Market mirror in consumer goods E2E demand generation case study | GenAI turbocharges innovation, achieving 10x concepts in 10x shorter time

Illustrative example

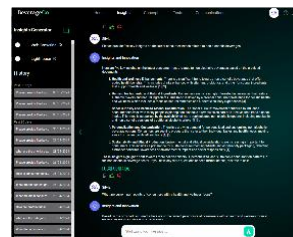
## End-to-end demand generation

- **Understand** customer needs and the market
- **Strategize** for growth opportunities
- **Target** demand spaces and **analyze** consumer influence pathways



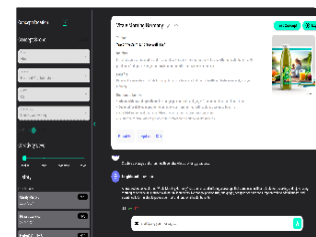
## Rich insights generation

- **Integrate** feedback, trends, and proprietary data
- **Validate** insights through **conversational** refinement



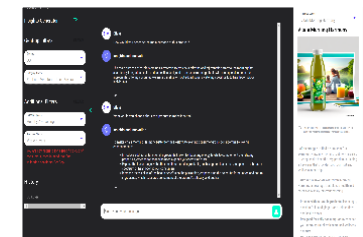
## Rapid ideation and innovation

- Generate product concepts
- Illustrate with **tailored** content
- Ensure **brand and legal compliance**



## Immediate synthetic testing

- **Test with real-time feedback** from synthetic twins to fine-tune strategies



## IMPACT

**5x** faster from data to insights

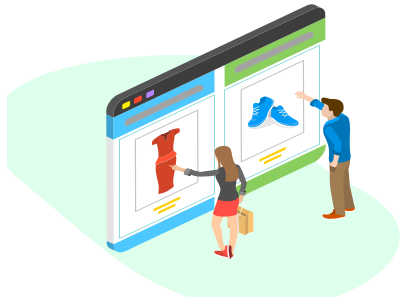
**10x** concepts in **10x** shorter time, with 100% brand fit

**3x** more breakthrough innovations, **lower lead time and cost**

# Creativity at scale | GenAI delivers personalized, convenient, values-driven experiences that meet evolving customer needs

## Hyper-personalization

Explosion of **customer solicitation** emphasizing brand communication and **offering relevance**

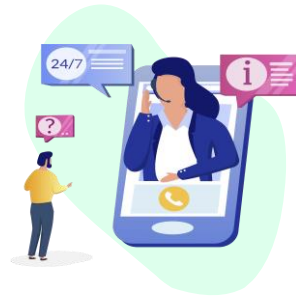


**63%**

Of Millennials are willing to **share personal data** to get personalized offers and discounts

## Real-time ultraconvenience

Shift **to online and new technologies raising standards** especially for checkout, delivery, and aftersales



**77%**

Of Millennials had an **active Amazon Prime membership** in the US in 2024

## Cutting-edge experience

Beyond physical stores, **augmented experiences building on customer emotions**



**79%**

Of customers say the **experience provided** is as important as the product sold

## Community and connection

Connection with **communities around passions/similar interests** and brands with **similar values**





**45%**

Of Chinese customers' purchase decisions are **influenced by key opinion leaders/influencers**

**These expectations span customer demographics—with a stronger emphasis by Generation Z and Millennials**

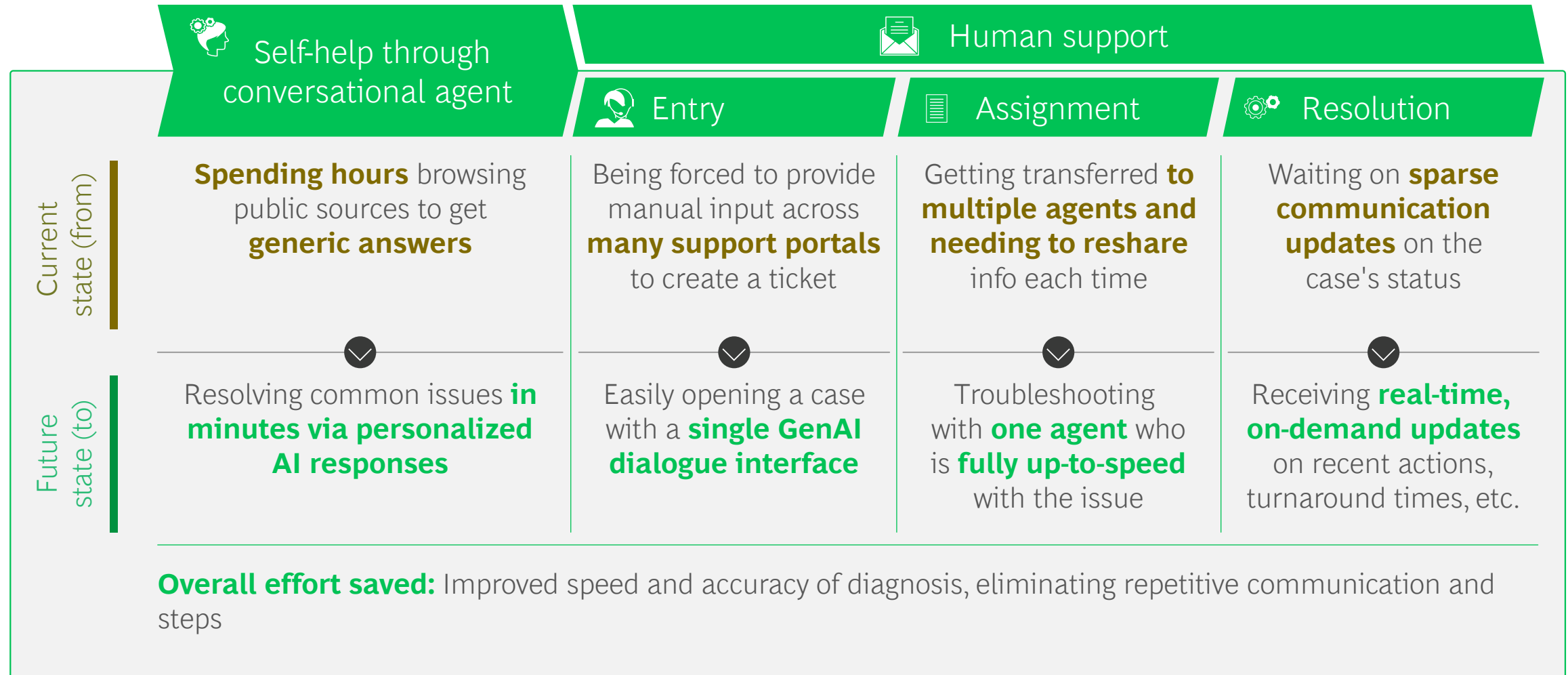
# Creativity at scale in biopharma case study | Always-on GenAI content generation delivers more assets with significant time saved

Illustrative example

	Marketing content development		Material approval process	
Marketing value chain	<b>Campaign asset detailing</b>	<b>Artifact/asset creation</b>	<b>MLR<sup>1</sup> and revision</b>	<b>Launch and performance monitoring</b>
 <b>Today from</b> 8-10 weeks	<ul style="list-style-type: none"> <li>Marketing team creates outline on campaign</li> <li>Brief agency on asset development requirements</li> </ul>	<ul style="list-style-type: none"> <li>Write ad copy</li> <li>Source/generate images</li> <li>Review content pre-MLR and localize as needed post MLR</li> </ul>	<ul style="list-style-type: none"> <li>Revise marketing content</li> <li>Update claims matrices</li> <li>Generate proof for final approval</li> </ul>	<ul style="list-style-type: none"> <li>Launch/execute campaign</li> <li>Monitor performance</li> <li>Periodically review by expiration</li> </ul>
<b>Current avg time spent</b>	<b>2-3 weeks</b>	<b>2-3 weeks</b>	<b>2-3 weeks</b>	<b>~1 week</b>
 <b>Future with GenAI</b> To 3-5 weeks	<ul style="list-style-type: none"> <li>Tailor brief to the customer from business plan</li> <li>Rapidly develop concept for creative builds</li> </ul>	<ul style="list-style-type: none"> <li>GenAI creates images from campaign briefs, claims matrices</li> <li>Automatically perform QC and localize content</li> </ul>	<ul style="list-style-type: none"> <li>Automatically review promotional material</li> </ul>	<ul style="list-style-type: none"> <li>Automatically document and perform checks for final approval</li> <li>Synthesize data</li> <li>Notify need for periodic review</li> </ul>
	Reduce time to final campaign design and high first-time right content generation	Reduce agency support and high first-time right content generation	Reduce agency support and time to review content due to high first-time right content	Reduce agency support and rapid documentation and localization
<b>Expected at-scale value</b> Estimated Timeline <b>1-2 months</b> For new campaign launch	<b>20-40%</b> <b>-2-4-day acceleration</b>	<b>30-50%</b> <b>-3-6-day acceleration</b>	<b>10-25%</b> <b>-1-3-day acceleration</b>	<b>0-25%</b> <b>-0-1-day acceleration</b>

1. Medical, Legal and Regulatory. Source: BCG experience.

# Conversational capability | GenAI conversational agents simplify interactions, cut customer effort, and provide quicker, accurate solutions

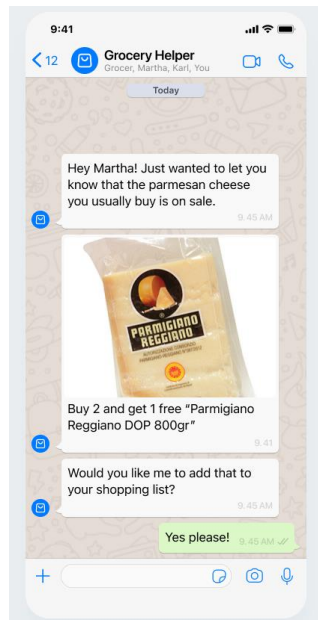


# Conversational capability in sales | GenAI transforms sales with hyper-personalization and AI-driven roles

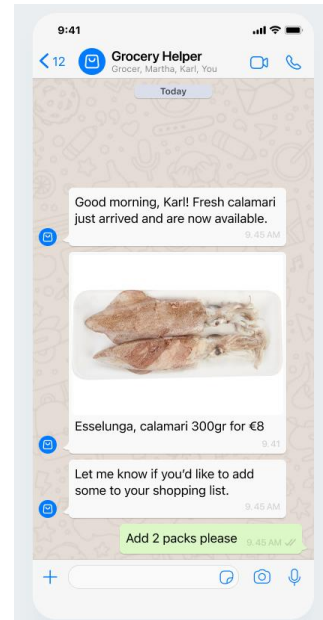
## B2C sales

### Conversational commerce

Grocery Helper conveys hyper-personalized promos or messages in customers' family group chats, understanding purchase drivers of customers involved in conversations, boosting basket size, and enhancing buying experience (can also be relevant for B2B sales in fragmented trade)



Personalized offers promo

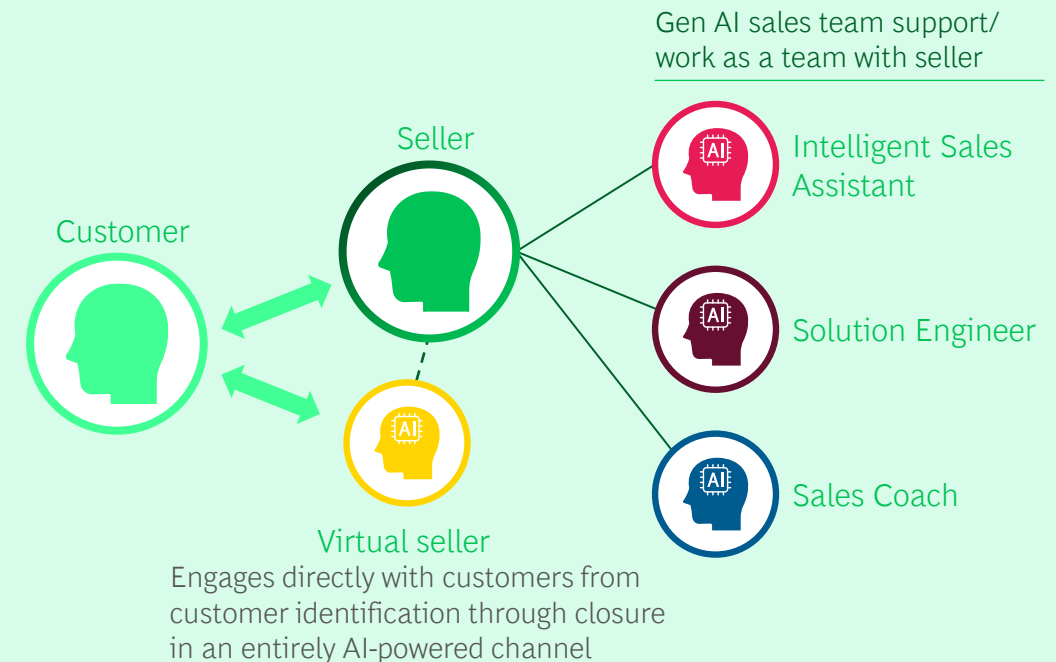


Personalized messages and instant promo in store

## B2B sales

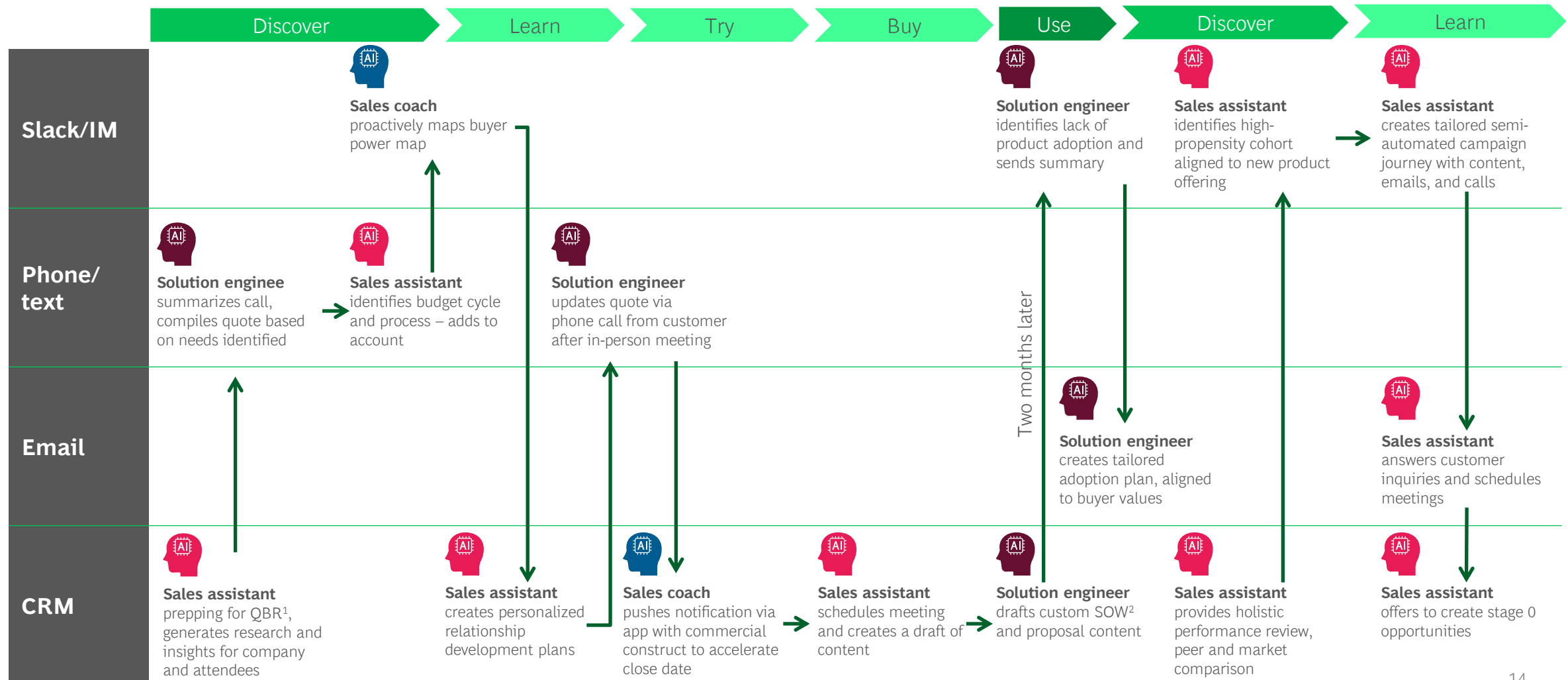
### Sales planning and operations

AI agents execute sophisticated planning to optimize coverage, territory design, and goal setting and provide advanced automation for deal desk, approvals, performance management functions



# Conversational capability in B2B sales | GenAI reinvents how sales teams in the field engage with customers across different channels

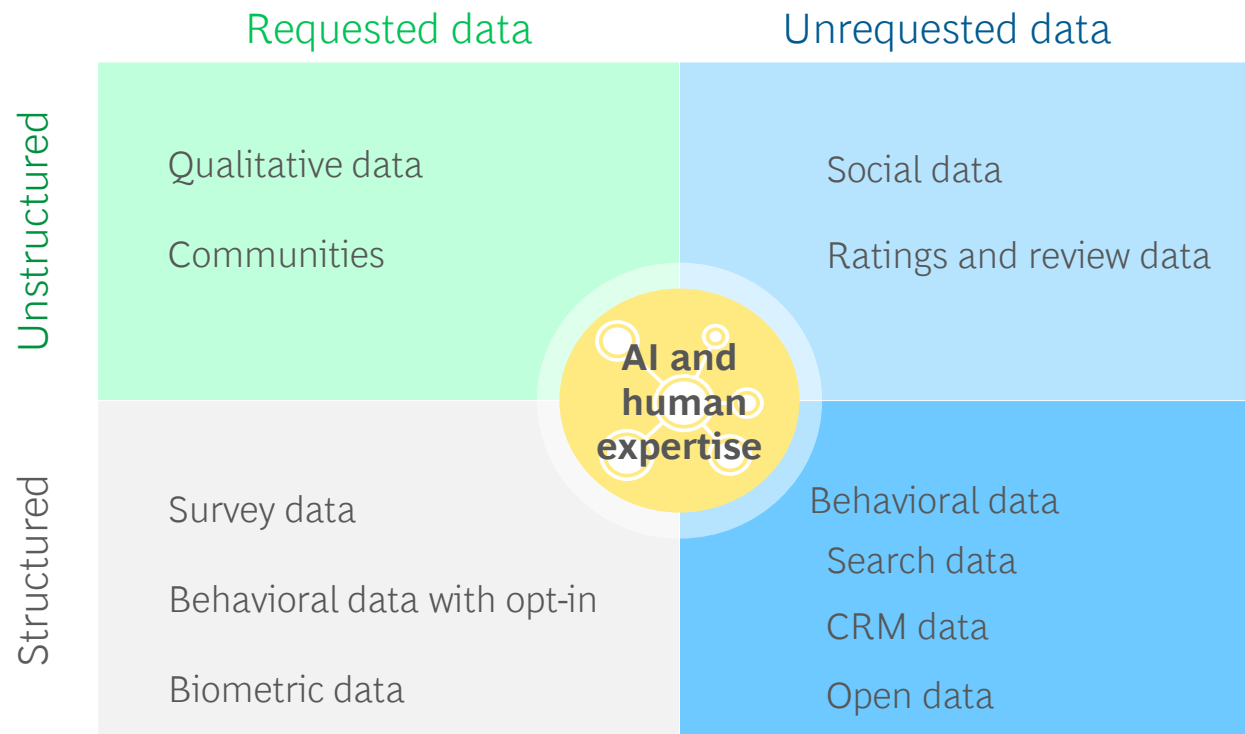
## Future of sales deal life cycle, powered by PredAI + GenAI



1. Quarterly Business Review; 2. Statement of Work

# Path to implementation | Shift the insights function from data requestor to insights curator for customer-centric growth

**The insights curator:** The future of insights goes beyond responding to data requests. Instead, it will involve **curating insights** from a broad range of sources—structured or unstructured, requested or not—to drive more **holistic, customer-centric decision making**



## A new approach to customer insights

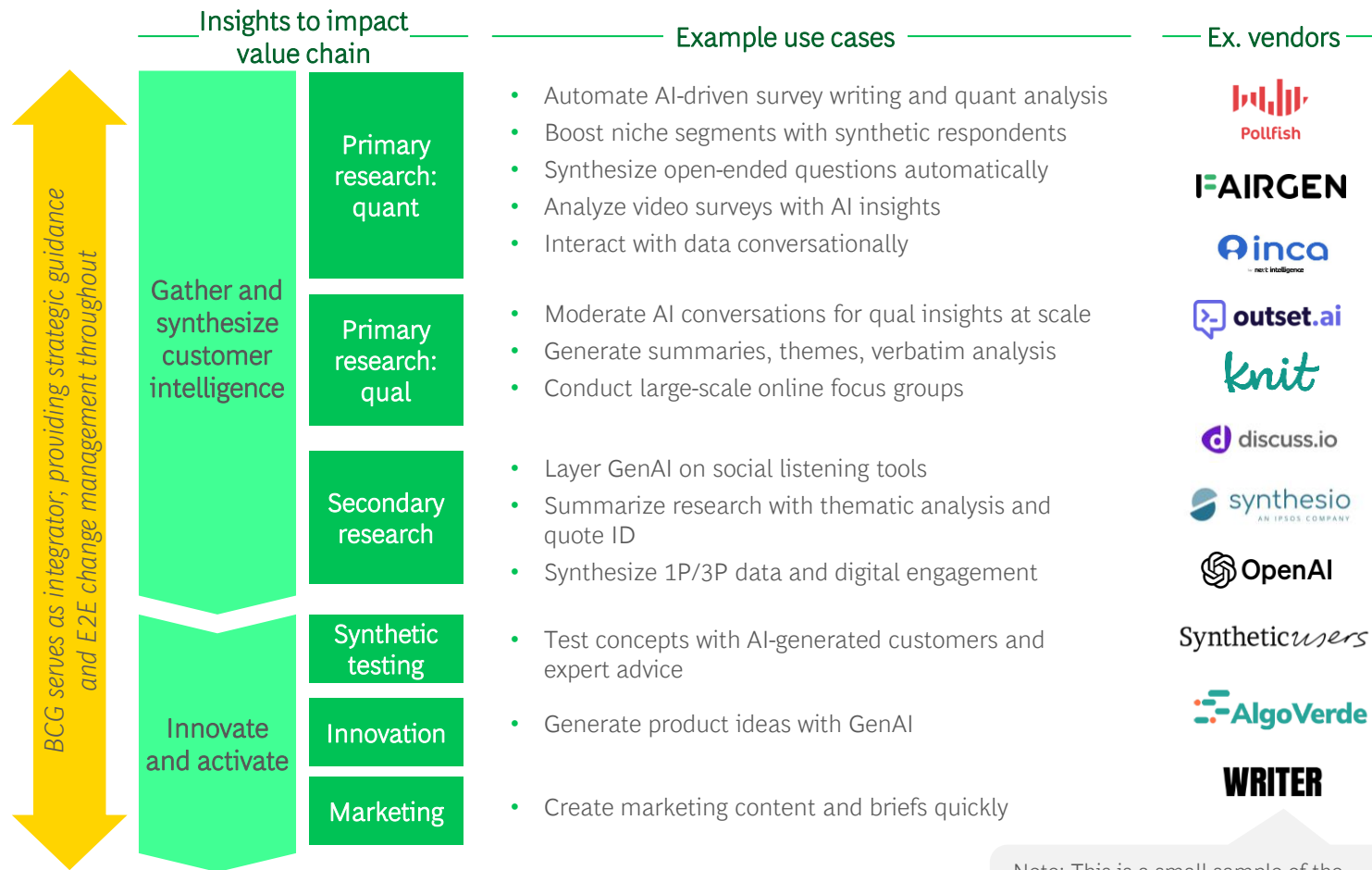
Customer insights are not just about gathering data on demand

Today's focus is on combining human expertise with AI to curate and synthesize data from multiple sources, enabling more informed, customer-centric decisions



# Path to implementation | Navigate the GenAI vendor ecosystem with rigorous assessment to unlock value

## GenAI vendor landscape



Source: Company websites

Note: This is a small sample of the growing GenAI vendor ecosystem, with new solutions emerging regularly

## Build vs. partner assessment

### Build in-house if:

Custom, in-house GenAI platform

- GenAI use case is a basis of differentiation for your company
- There are significant data security/IP leakage risks
- There aren't effective vendors that deliver the performance expected
- Cost of working with a vendor is too high

### Partner assessment criteria

- Technical capabilities and performance
- Customization and flexibility
- Data security and privacy
- User experience
- Support and maintenance (SLAs)
- Cost and pricing model

# Path to implementation | Rethink customer-facing team structures, streamlining into three unified, AI-driven processes

Not exhaustive



Today, organizational functions engaging with customers are distinct (e.g., R&D often disconnected from the end users)

## Sales

- Inside sales
- E-commerce
- Direct sales
- Channel sales

## Service

- Customer support
- Technical support
- Field service

## Customer success

- Account management
- Onboarding
- Customer training
- Renewals

## Customer research

- Market research
- Customer surveys

## R&D/ product

- Product innovation
- Prototype development
- Concept validation
- User testing

## These functions will be unified with the emergence of AI and organized across three main processes



1

### Insights-driven product development

- AI in data analysis for customer insights
- AI-enhanced, demand-driven product development/R&D process

- Customer insights
- Customer research
- R&D
- Product development
- Growth and pricing



2

### Content generation & personalization at scale

- AI-driven content creation
- Personalized marketing strategies
- Automated and AI-enhanced customer interactions

- Marketing
- Personalization strategy
- Content strategy



3

### Customer interaction management

- Automated and AI-enhanced customer interactions
- Chatbots, virtual assistants, and CRM systems

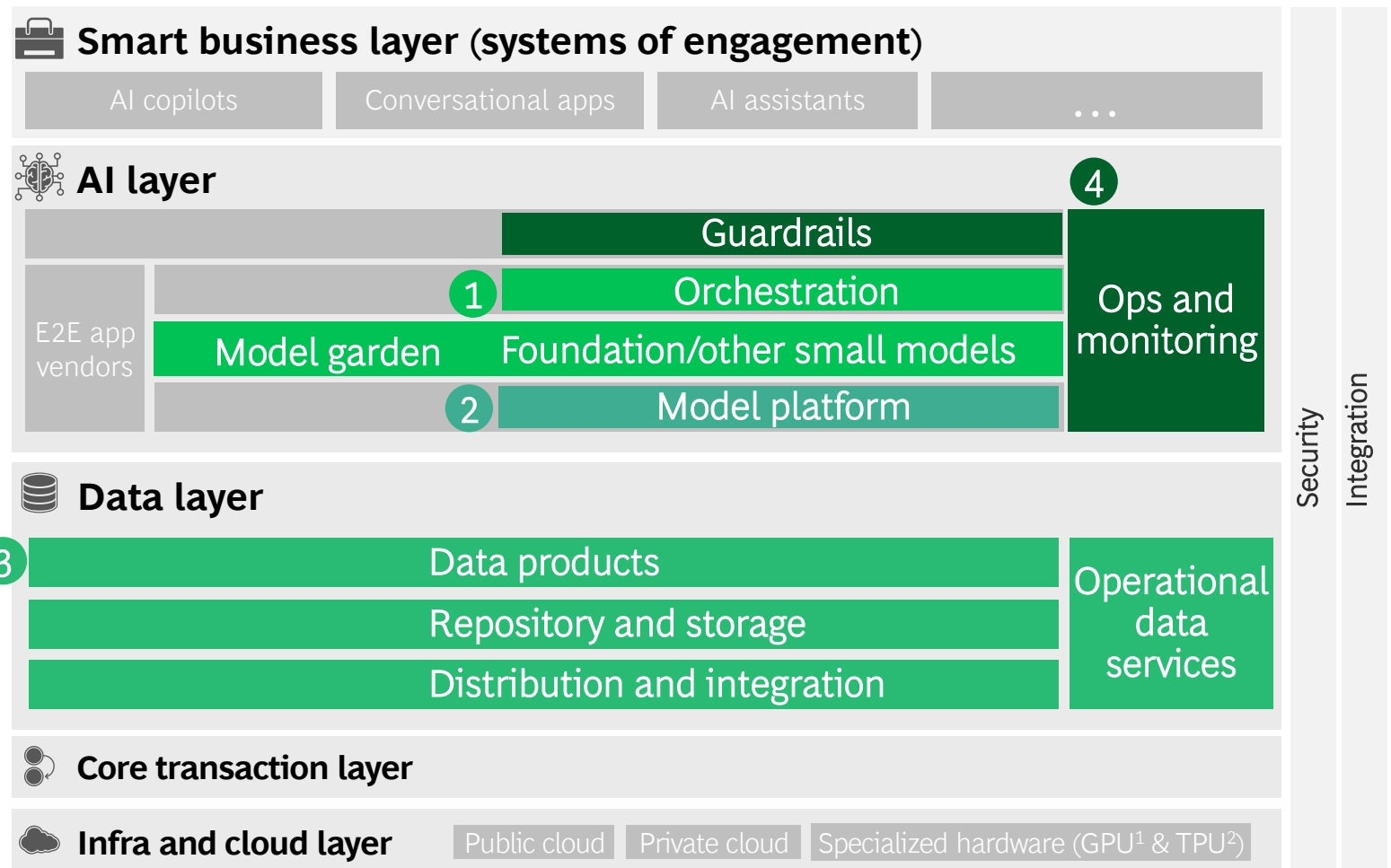
- Sales
- Customer support
- Customer success
- CRM

# Path to implementation | Design scalable architecture to support the expanding GenAI ecosystem

GenAI is embedded across all layers, from customer interaction (smart business layer) to data analytics (data layer) and innovation testing (AI layer)

Systems of engagement include AI-driven tools like intelligent sales assistants, virtual sellers, and autonomous agents, as well as conversational and cognitive apps for a seamless and highly personalized customer journey

The core transaction and data layers integrate real-time data activation, insights, and advanced analytics, supported by the GenAI layer for predictive and AI-driven innovation



1. Graphics Processing Units; 2. Tensor Processing Units.

# Path to implementation | Develop practices to manage risks and ensure responsible AI use



## Provide disclosure

Disclose use of AI/GenAI to customers, including in cases where they are interacting with a GenAI agent or receiving AI-generated content



## Provide transparency

Provide transparency into data usage at time of collection, allowing for explicit opt-out



## Protect sensitive data

Be cautious of inadvertently revealing sensitive information arising from AI-derived insights (e.g., emergent health issue identifiable from recent medication purchases)



## Limit types of engagement

Explicitly consider the degree of personalization allowed based on class of product (e.g., no segment-of-one personalization for potentially addictive products or services, no engagement around products related to death of loved one)



## Prevent bias

Identify and mitigate demographic bias (e.g., gender, age) in personalized messages/services or products offered



## Ensure quality

Ensure GenAI systems, especially those that are directly customer-facing, are fully tested for quality and risk (e.g., offensive language, recommending competitor products, offering products at steep discounts, inaccurately answering customer questions)

# Call to action

Begin your GenAI transformation today—strategize, upskill, and innovate for successful customer engagement

1

## Identify GenAI opportunities to drive customer centricity

- Evaluate where GenAI can enhance value propositions and boost productivity, including customer insights, sales, and customer service

2

## Develop a strategic GenAI roadmap

- Elevate customer engagement by progressively embedding GenAI across all touch points
- Engage senior leadership to set short-term goals and long-term plans for GenAI integration

3

## Launch cross-functional centers of excellence to drive productivity gains

- Create cross-functional centers of excellence that bring together expertise from various departments (e.g., marketing, sales, customer support, tech, R&D) to drive GenAI implementation
- Institute human-led best practices and support implementation across functions to manage risk and ensure responsible AI use

4

## Invest in skills, technology, and human-led processes

- Upskill your workforce to leverage AI effectively
- Establish human-led processes, enhanced with AI
- Build necessary tech infrastructure to support GenAI applications

# BCG experts | Key contacts for GenAI in customer engagement



**Karen Lellouche  
Tordjman**  
Managing Director  
& Senior Partner



**Lara Koslow**  
Managing Director  
& Senior Partner



**Ben Eppler**  
Managing Director  
& Partner



**Lauren Taylor**  
Managing Director  
& Partner



**Stephen Edison**  
Managing Director  
& Partner



**Greg McRoskey**  
Partner &  
Associate Director



**Melike Inonu**  
Sr Manager - Customer  
Demand & Innovation

**BCG**

