



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?

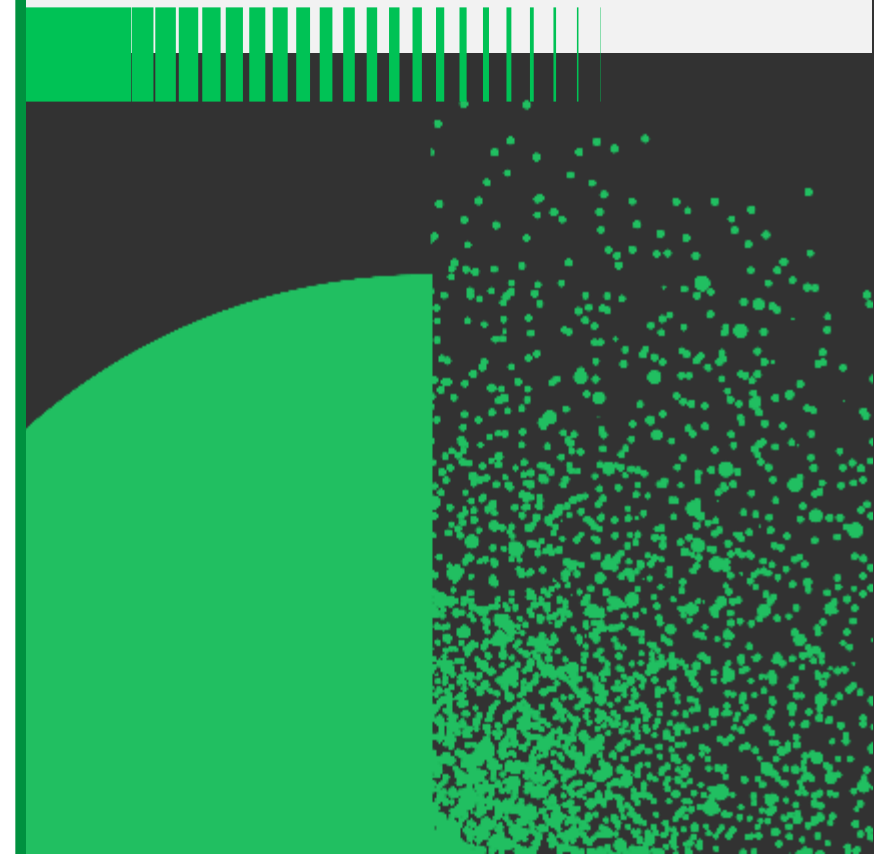
We identify company archetypes poised for maximum growth through AI-powered customer engagement...

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

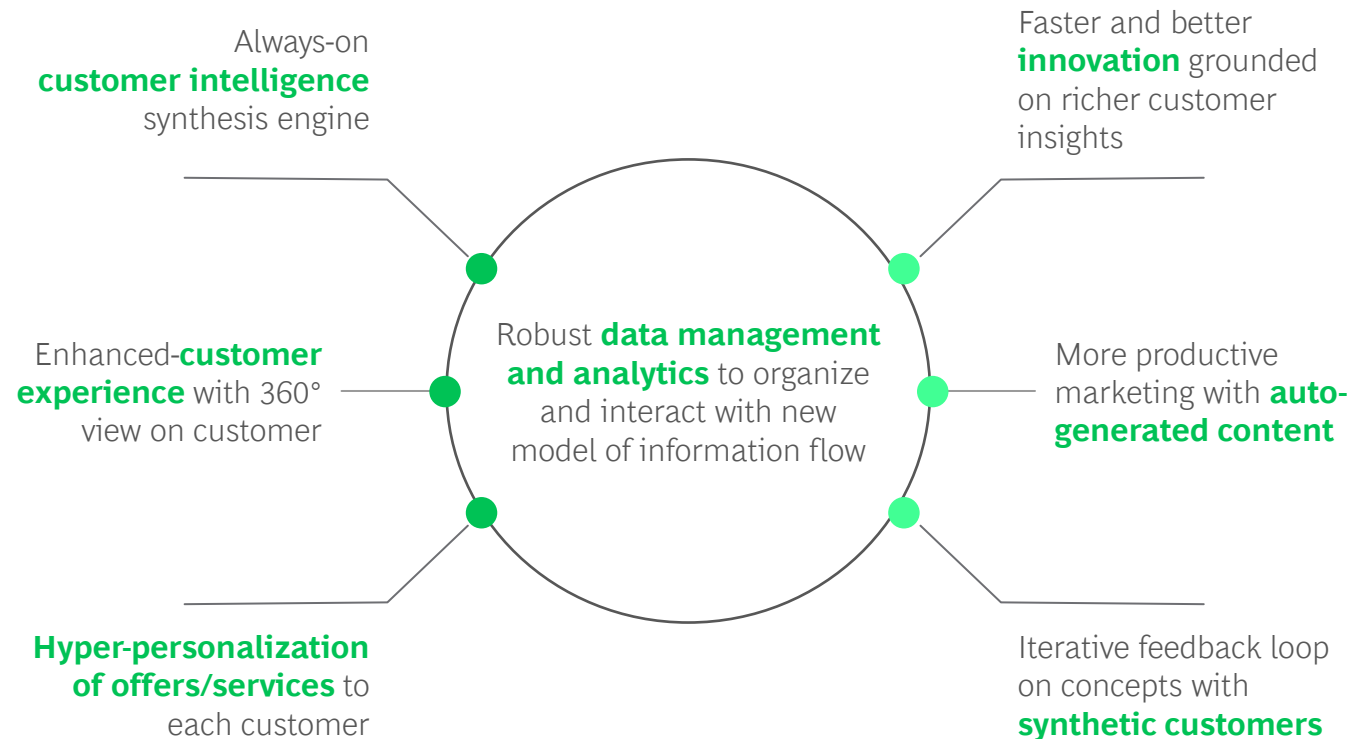
GenAI is already driving near-term enhancement...

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

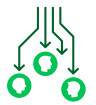
~15-25%

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 CRM¹, influencer and digital marketing, and customer experience to maximize consumer engagement?



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

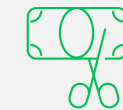
Innovation quality



Speed

3-5X

Faster insights-to-impact process



Cost

30-40%

Cost saved on qualitative research

1. Customer Relationship Management. Source: BCG experience

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 CPA¹, with improved customer satisfaction and LTV² (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., GTM¹, 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

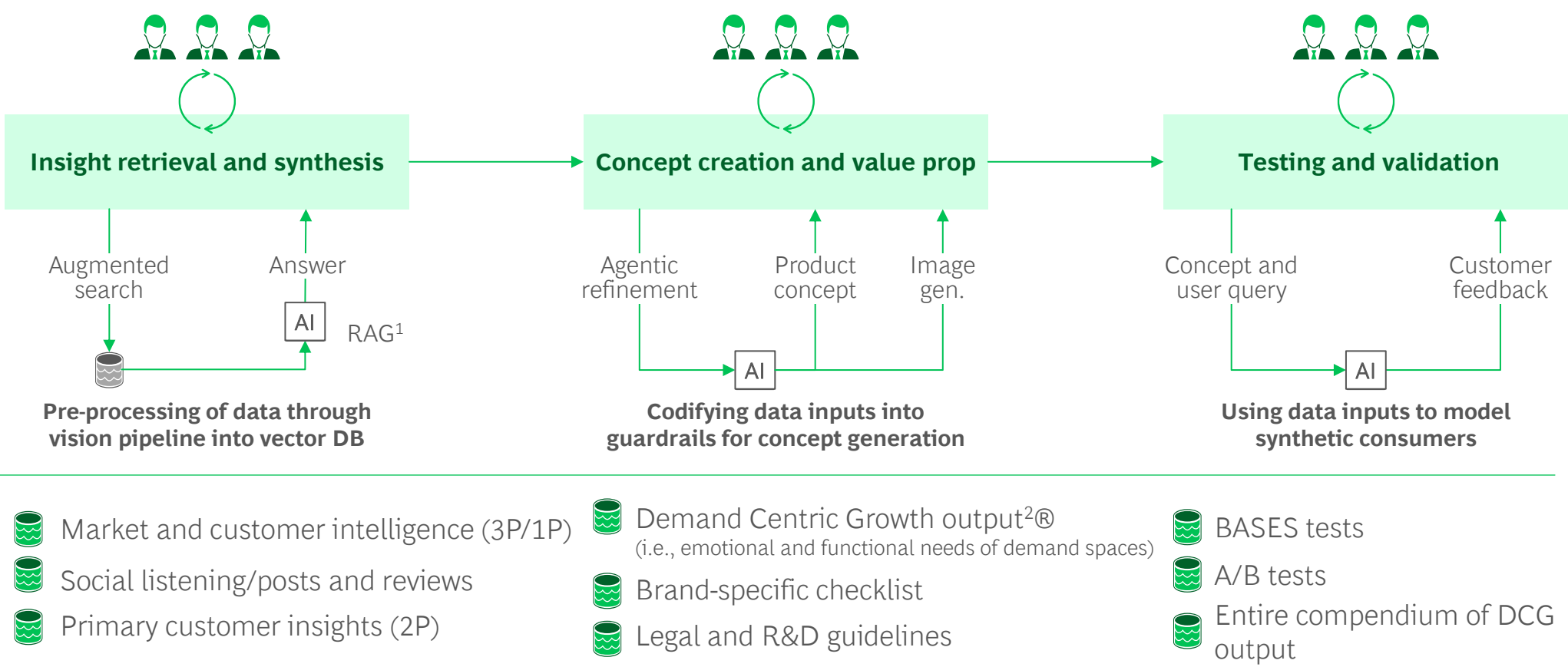
Market mirror | ... leveraging advanced, actionable insights and dynamic innovation to differentiate and guide strategy

Illustrative


**Key
enablement**


**GenAI
platform**


Data (e.g.)



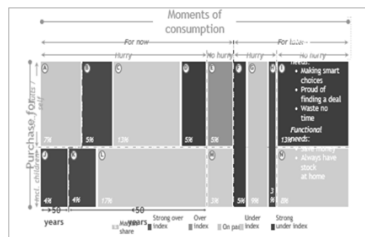
1. Retrieval augmented generation & re-ranking & multi-query; 2. BCG's proprietary Demand Centric Growth offer leverages deep customer insights to unlock untapped market potential, driving strategic growth that maximizes revenue and market share, positioning companies for significant competitive advantage

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

Illustrative example

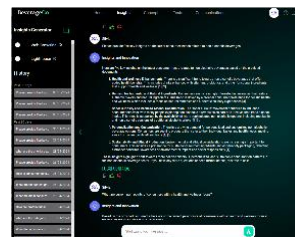
End-to-end demand generation

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



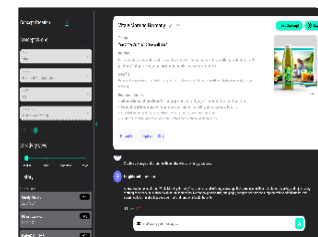
Rich insights generation

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



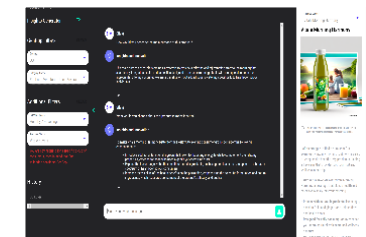
Rapid ideation and innovation

- 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**

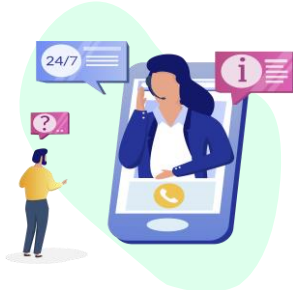


63%

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 value chain	Marketing content development		Material approval process	
	Campaign asset detailing	Artifact/asset creation	MLR ¹ and revision	Launch and performance monitoring
 Today from 8-10 weeks	- Marketing team creates outline on campaign - Brief agency on asset development requirements	- Write ad copy - Source/generate images - Review content pre-MLR and localize as needed post MLR	- Revise marketing content - Update claims matrices - Generate proof for final approval	- Launch/execute campaign - Monitor performance - Periodically review by expiration
Current avg time spent	2-3 weeks	2-3 weeks	2-3 weeks	~1 week
 Future with GenAI To 3-5 weeks	- Tailor brief to the customer from business plan - Rapidly develop concept for creative builds Reduce time to final campaign design and high first-time right content generation	- GenAI creates images from campaign briefs, claims matrices - Automatically perform QC and localize content Reduce agency support and high first-time right content generation	Automatically review promotional material Reduce agency support and time to review content due to high first-time right content	- Automatically document and perform checks for final approval - Synthesize data - Notify need for periodic review Reduce agency support and rapid documentation and localization
Expected at-scale value Estimated Timeline 1-2 months For new campaign launch	20-40% -2-4-day acceleration	30-50% -3-6-day acceleration	10-25% -1-3-day acceleration	0-25% -0-1-day acceleration

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

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

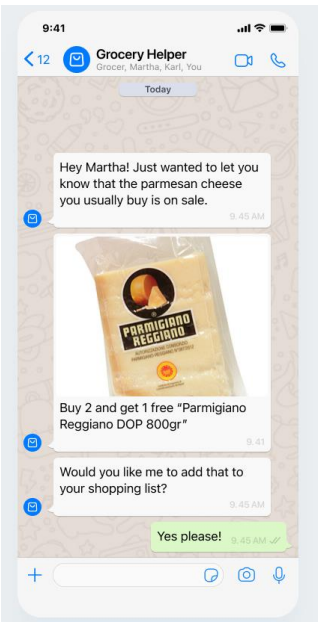
		Human support			
		Self-help through conversational agent	Entry	Assignment	Resolution
Current state (from)		Spending hours browsing public sources to get generic answers	Being forced to provide manual input across many support portals to create a ticket	Getting transferred to multiple agents and needing to reshare info each time	Waiting on sparse communication updates on the case's status
		▼	▼	▼	▼
Future state (to)		Resolving common issues in minutes via personalized AI responses	Easily opening a case with a single GenAI dialogue interface	Troubleshooting with one agent who is fully up-to-speed with the issue	Receiving real-time, on-demand updates on recent actions, turnaround times, etc.
		Overall effort saved: Improved speed and accuracy of diagnosis, eliminating repetitive communication and steps			

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

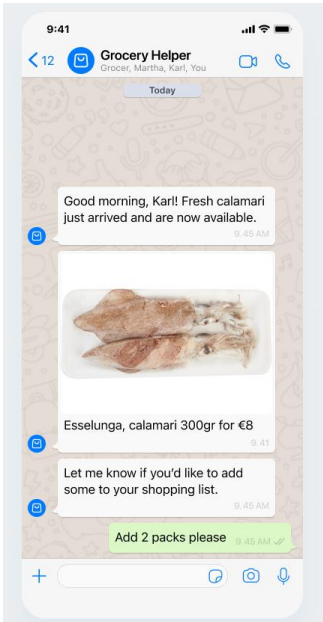
B2C sales

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

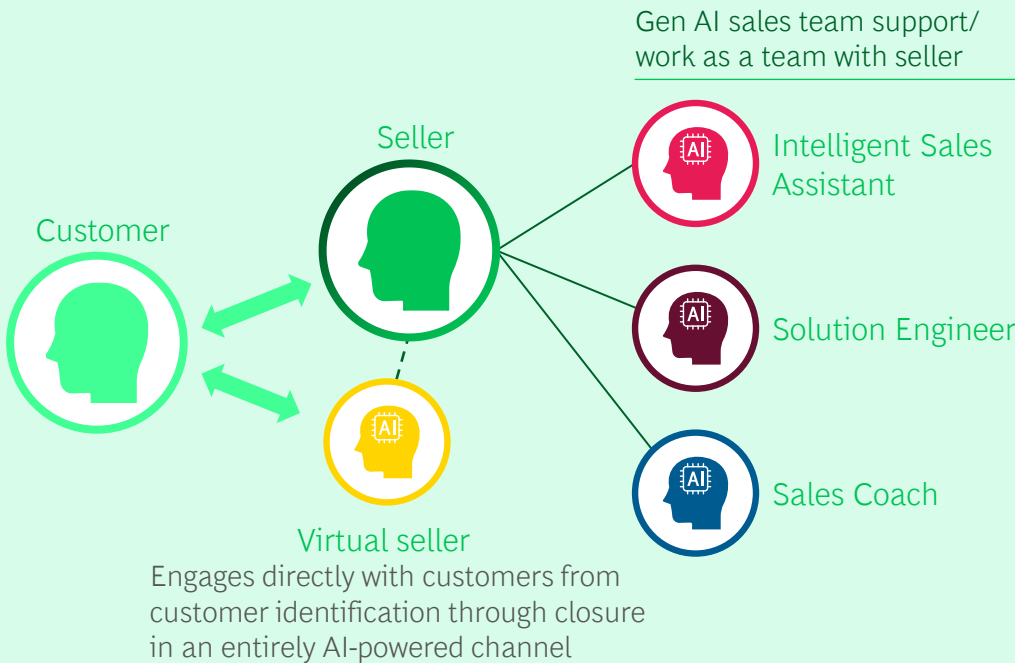


Personalized messages and instant promo in store

B2B sales

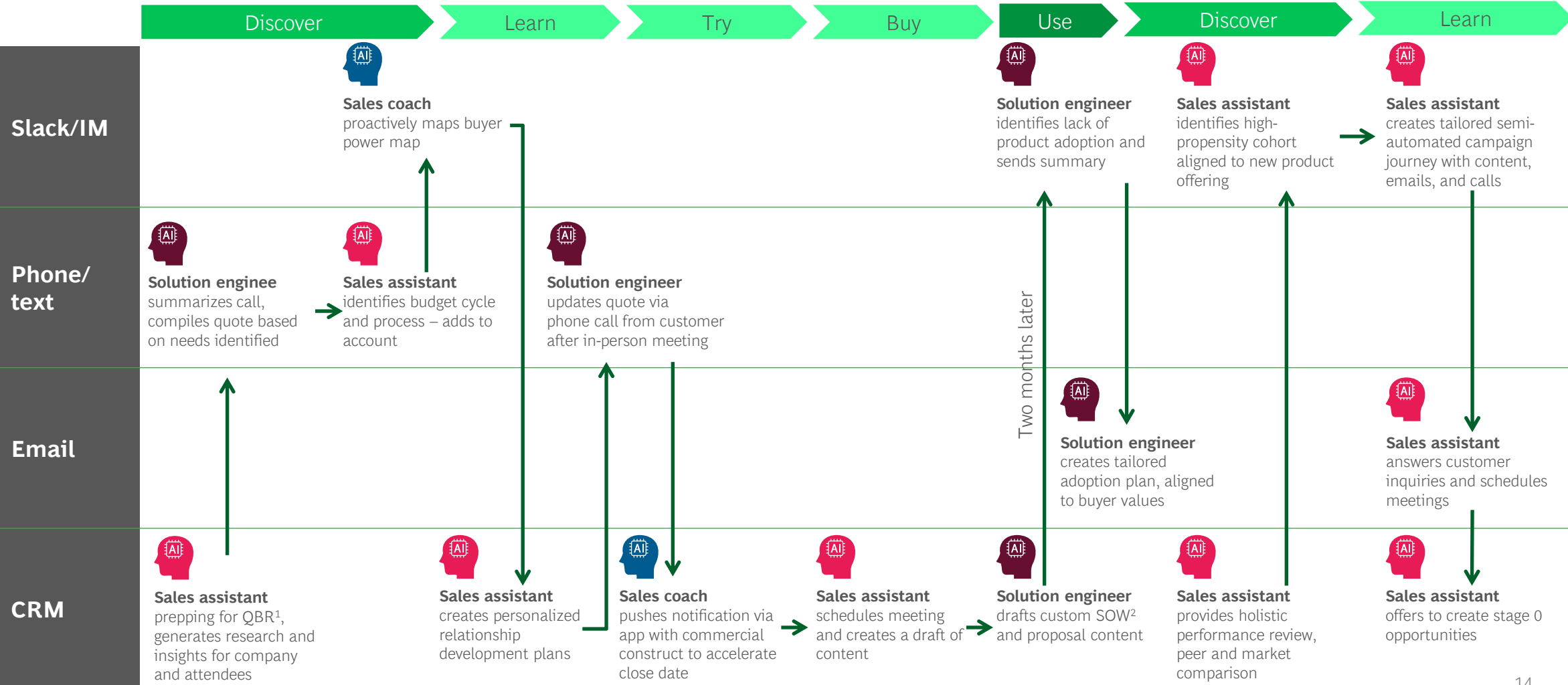
Sales planning and operations

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

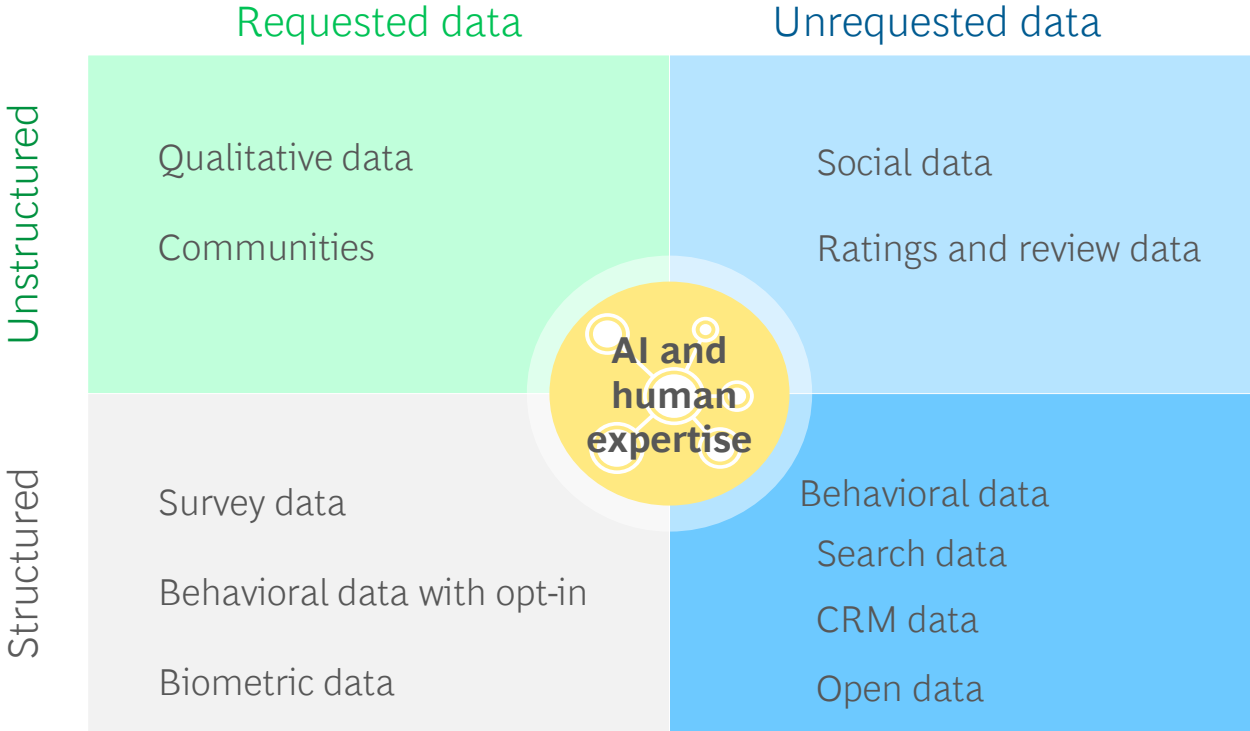
Future of sales deal life cycle, powered by PredAI + GenAI



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**



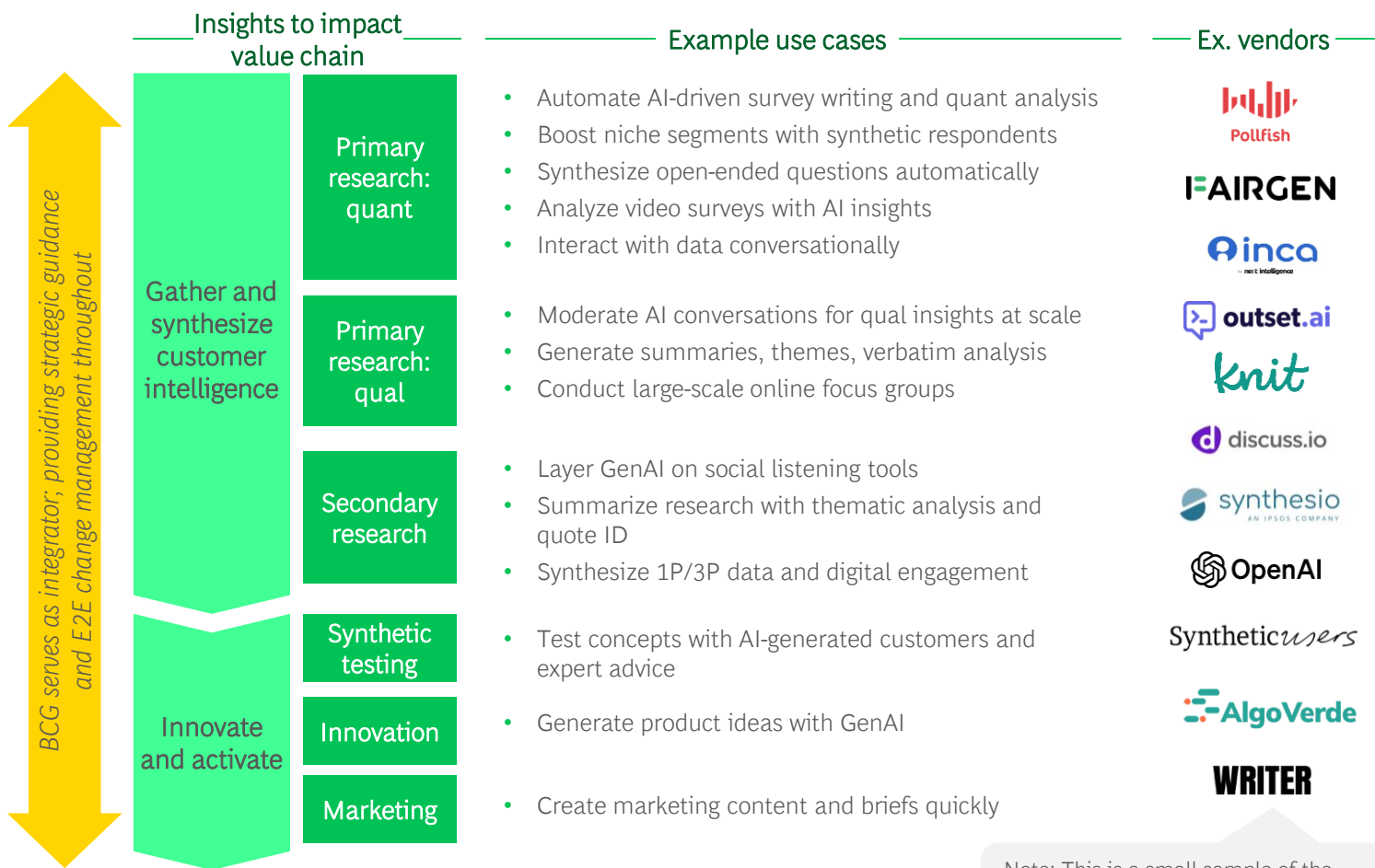
A new approach to customer insights

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 | <ul style="list-style-type: none">• Inside sales• E-commerce | <ul style="list-style-type: none">• Direct sales• Channel sales |
| Service | <ul style="list-style-type: none">• Customer support• Technical support• Field service | |
| Customer success | <ul style="list-style-type: none">• Account management• Onboarding | <ul style="list-style-type: none">• Customer training• Renewals |
| Customer research | <ul style="list-style-type: none">• Market research• Customer surveys | |
| R&D/ product | <ul style="list-style-type: none">• Product innovation• Prototype development | <ul style="list-style-type: none">• 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

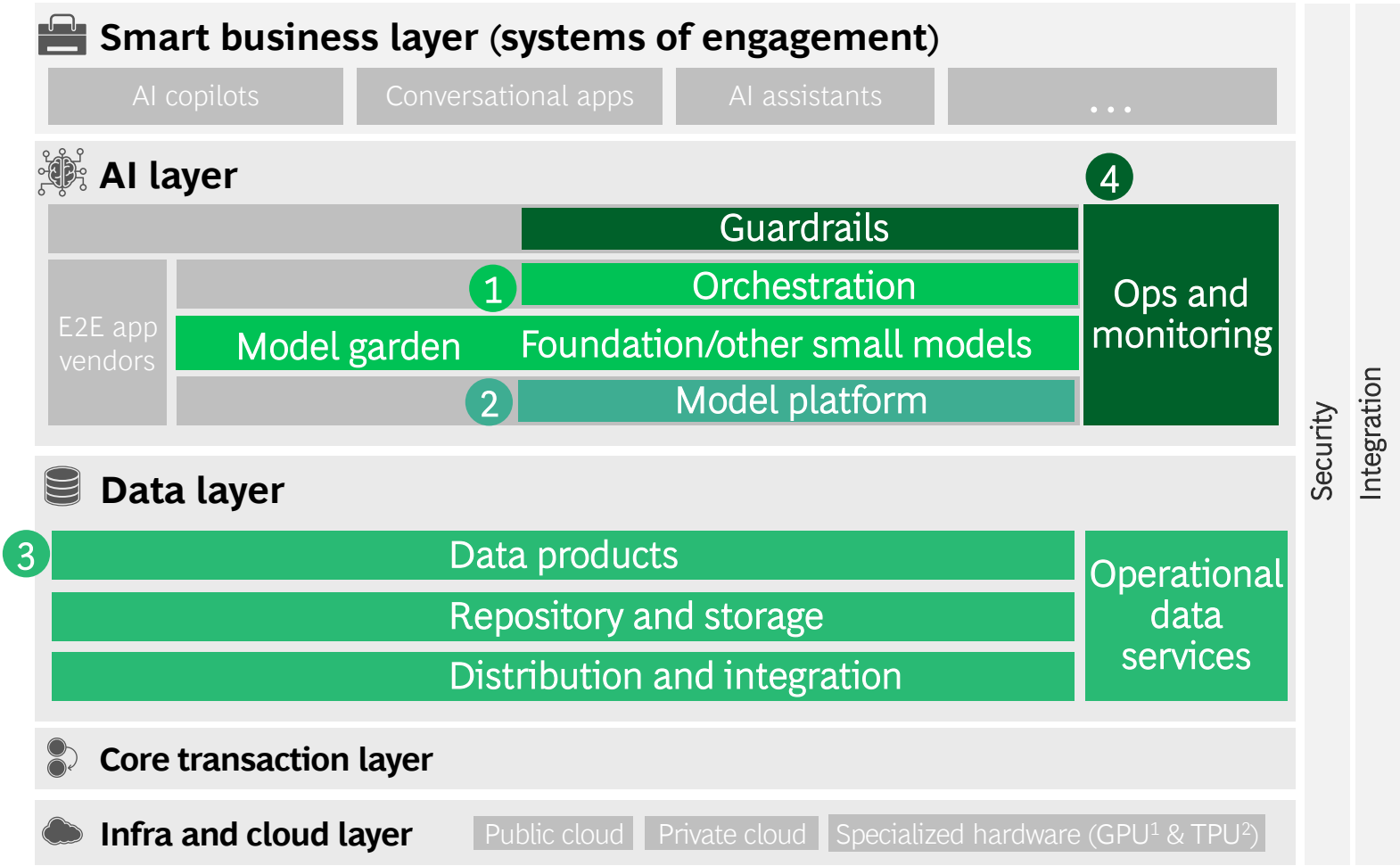
- Sales
- Customer support
- Customer success
- CRM

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

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Associate Director



Melike Inonu

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Demand & Innovation

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