Brand Narratives in the Age of AI

A report by Hotwire and the House of Beautiful Business

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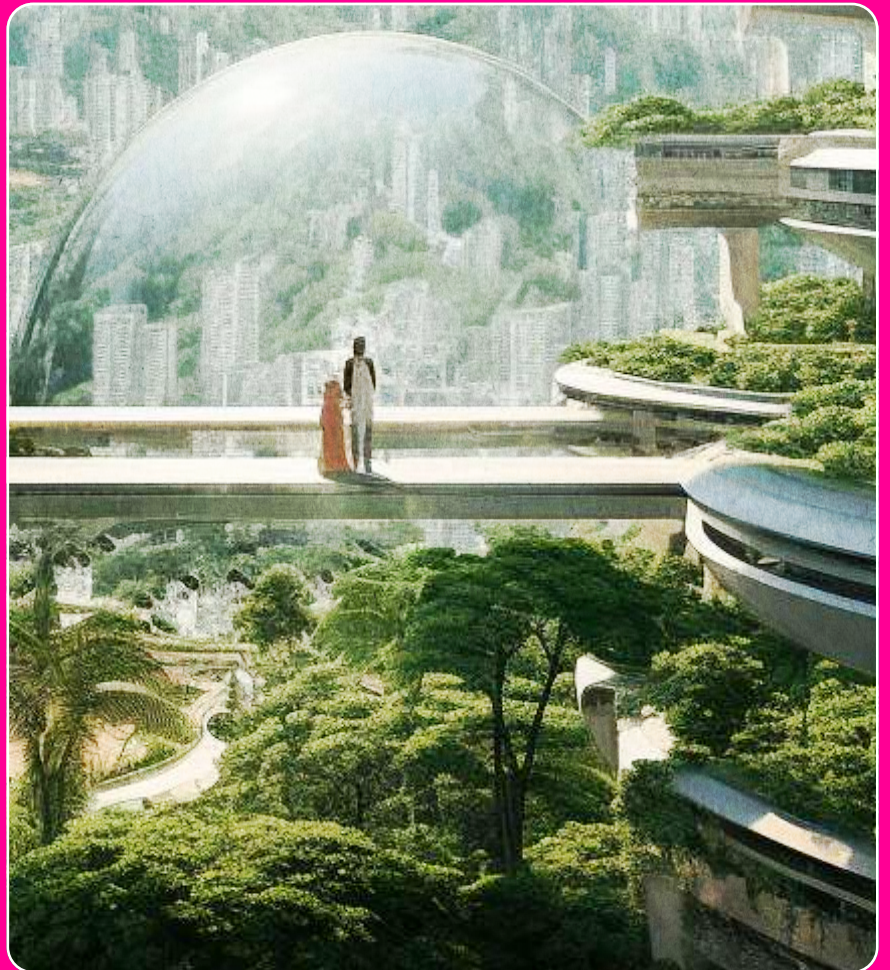Partner and co-founder, Primo Space

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Introduction

Introduction

Brands are powerful conveyors of meaning. Choosing the ones we're loyal to can feel as though we're defining and asserting who we are. We attach ourselves to labels and logos that express things about ourselves we want others to know, that reflect our values, interests, tastes. We trust these brands to speak on our behalf—to deliver messages we feel they've committed themselves to. At times, the things we buy can seem like extensions of ourselves.

The remarkable intensity of the brand-customer relationship can partly account for why the top one hundred global brands—including Amazon, Apple, Google, Microsoft, and McDonald's—are currently valued at an incredible $6.9 trillion. What these brands have in common, aside from their high commercial value, is how much their customers trust them.

This trust is no accident or coincidence.

It's the result of carefully orchestrated product and marketing campaigns capable of provoking emotions and building loyalty. Successful brands use all kinds of psychological prompts and innuendos to trigger feelings that encourage buying behavior. To do this successfully, brand differentiation is key. And so the best companies make brand building a top priority, no matter what's happening in the market or in the economy at large.

But how can you refine your brand when the entire business landscape is undergoing radical technological disruption?

The advent of Generative AI has the potential to change everything: how brands interact with their customers; how they use customer data; and how they design products and marketing assets alike. ChatGPT (Chat Generative Pre-trained Transformer) is already able to produce key brand content, ranging from headlines and slogans to product descriptions and social media posts. Parent company OpenAI has just unveiled a feature that will let subscribers customize their chatbots, creating models with focused knowledge of specific areas and enhanced abilities to perform certain tasks. Meanwhile, DALL-E has just launched a ChatGPT-compatible model that is able to create pictures and mood boards from scratch. And companies such as Meta, Lumen5, DeepBrain, and inVideo are currently refining text-to-video conversion, offering effortless ways to create compelling content.

It doesn't end there. Generative AI can facilitate consistency across different pieces of content, supporting uniformity of brand voice, writing style, and format. Chatbots, meanwhile, can not only have human-like conversations about products, but can also respond to inquiries and complaints and help drive brand engagement and sales. According to CNBC, Meta, Alphabet, and Amazon, the leaders in online advertising, are all betting Generative AI will eventually be core to their businesses. It's little wonder that when Bain surveyed nearly 600 companies across 11 industries, their research revealed that one of the top seven use cases for Generative AI was speeding up the development of marketing materials, with 39% of respondents saying they were using or evaluating the technology for this purpose.

But AI's shortcomings may be as extensive as its merits. The technology is not yet capable of the kind of creative thinking needed to come up with ideas that resonate with different audiences. It lacks the know-how to execute major campaigns across multiple platforms. It introduces questions about plagiarism, copyright violations, and infringement of intellectual property rights, since the technology's mathematical models are trained on publicly available data. And, more existentially, it could spell the end of more than 300 million jobs worldwide, while obliterating our ability to distinguish between human- and machine-made content.

Brand safety is a more immediate concern. AI can be rife with inaccurate content and unintended bias. No company wants to be associated with visuals or texts that might be offensive, creepy, or simply inaccurate. Clickbait is another problem, with content farms using AI-generated text to create junk websites. There are more pedestrian worries, too: AI-generated content could be generic, repetitive, or even meaningless, undermining a brand's distinctive voice or point of view.

Whether for good or bad, AI will change our world. We're now at a critical juncture, with two major questions emerging from where we stand: How should brand leaders navigate this new area? And what should they do with the narrative space that emerges beside it?

To engage these questions from both informed and imaginative perspectives, we invited input from a wide range of stakeholders, including experts at the forefront of AI, journalists, cyber-psychologists, designers, brand leaders, and more. We asked them about the trends and narratives currently materializing in the business world and broader society. Where do they think AI is going? How do they expect this technology to shape business? The world at large? Our individual lives?

This report will bring together their insight and analysis. We'll highlight the key themes and objectives that we think brand leaders should reflect on as we move toward a radically tech-forward future. We'll explore a range of brand strategies and positions, and consider how brand narrative can inform a company's approach to AI, while pointing out related problems, pitfalls, and risks.
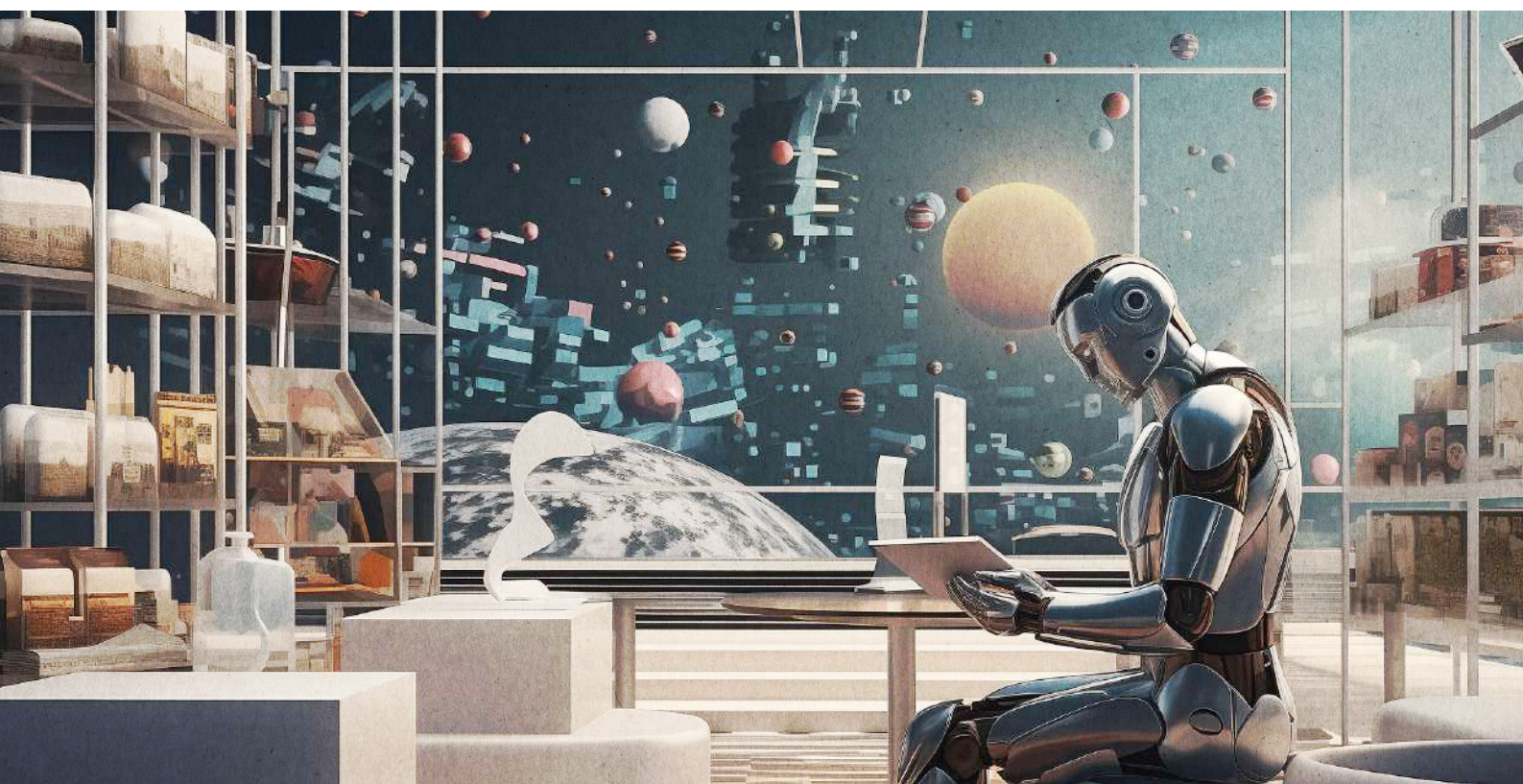
Emerging Brand Narratives

Emerging Brand Narratives

Brand leaders need direction. In the face of so much novelty and uncertainty, they want a clear sense of where they stand and what they should be focused on. A long-term AI strategy may be unrealistic at this point, but leaders still have a distinct opportunity to figure out the most viable and desirable next steps.

Ute Hildebrandt, a managing director at Hotwire and a co-collaborator in this report, thinks this is a critical moment for leaders to develop and determine their positioning on the new technology. She's of the opinion that we need to ask big questions right now, before Generative AI becomes so commonplace and accepted that it's impossible to change.

"We want to grapple with how it will impact our lives. This means engaging the expansive question: What kind of society do we want to live in?" she says.

This section of our report is intended to help leaders begin to ask these questions and figure out how to position their brands in this new context. We'll focus on brand marketing and communications and consider four distinct brand personas that evoke different views and approaches to AI.
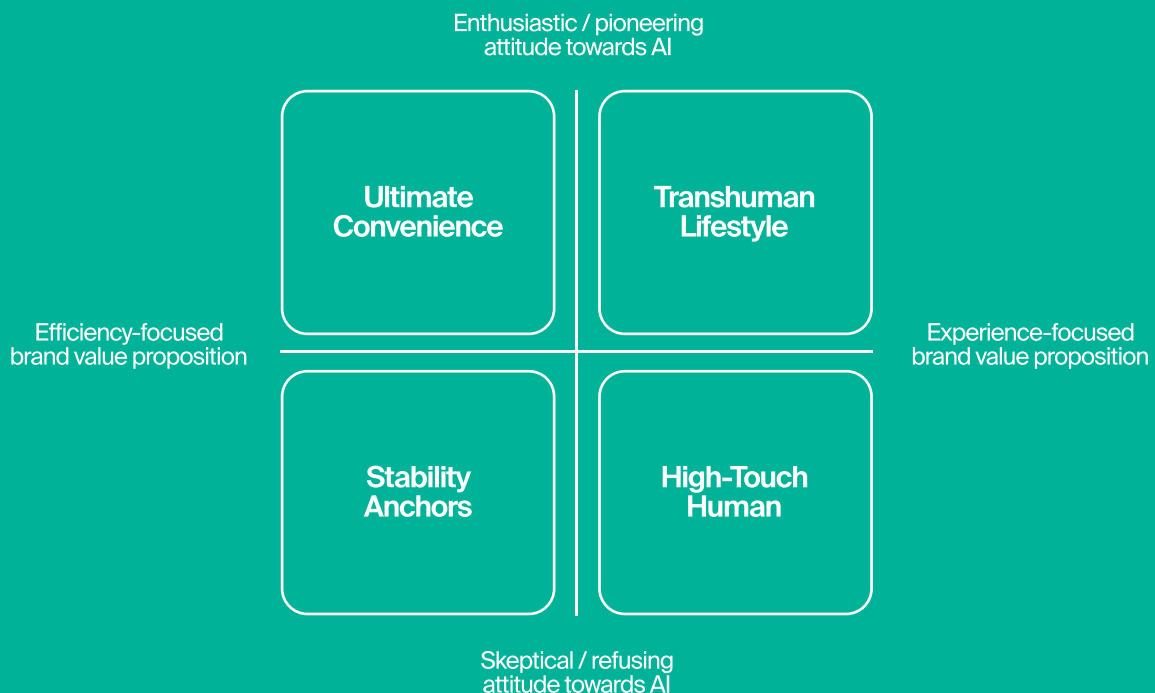
We've created a brand positioning framework, the *Brands in the Age of AI Matrix*. It's intended to help brand leaders figure out their approach to AI and how to conceptualize their brand's strategy. The matrix presents four typical brand attitudes towards AI, with one in each quadrant. Each of these quadrants represents a specific brand persona with its own unique potential for strategic positioning. As new technology emerges, this matrix offers leaders a way to visualize different approaches to AI and discuss which of the four categories best reflects their brand's character and ideal strategy.

Brand Narratives in the Age of AI Matrix

We built the matrix based on the logic that there are two implicit brand continuums emerging alongside AI. The horizontal axis represents the spectrum of brand value propositions, with efficiency-focused brands at one extreme and experience-focused brands at the other. Efficiency-focused brands entice customers with promises of speed, convenience, affordability, and accessibility, while experience-focused brands entice buyers with enhanced, exciting, or creative experiences. The vertical axis represents the continuum of brand enthusiasm in regards to AI, with the top representing brands with extreme optimism about AI, and the bottom representing brands that approach the new technology cautiously.

Each of these quadrants introduces a distinct strategic opportunity for brand leaders to explore as they figure out their brand's position on AI.

Here is a more detailed description of each quadrant.

Enthusiastic / pioneering
attitude towards AI

Ultimate
Convenience

Transhuman
Lifestyle

Efficiency-focused
brand value proposition

Experience-focused
brand value proposition

Stability
Anchors

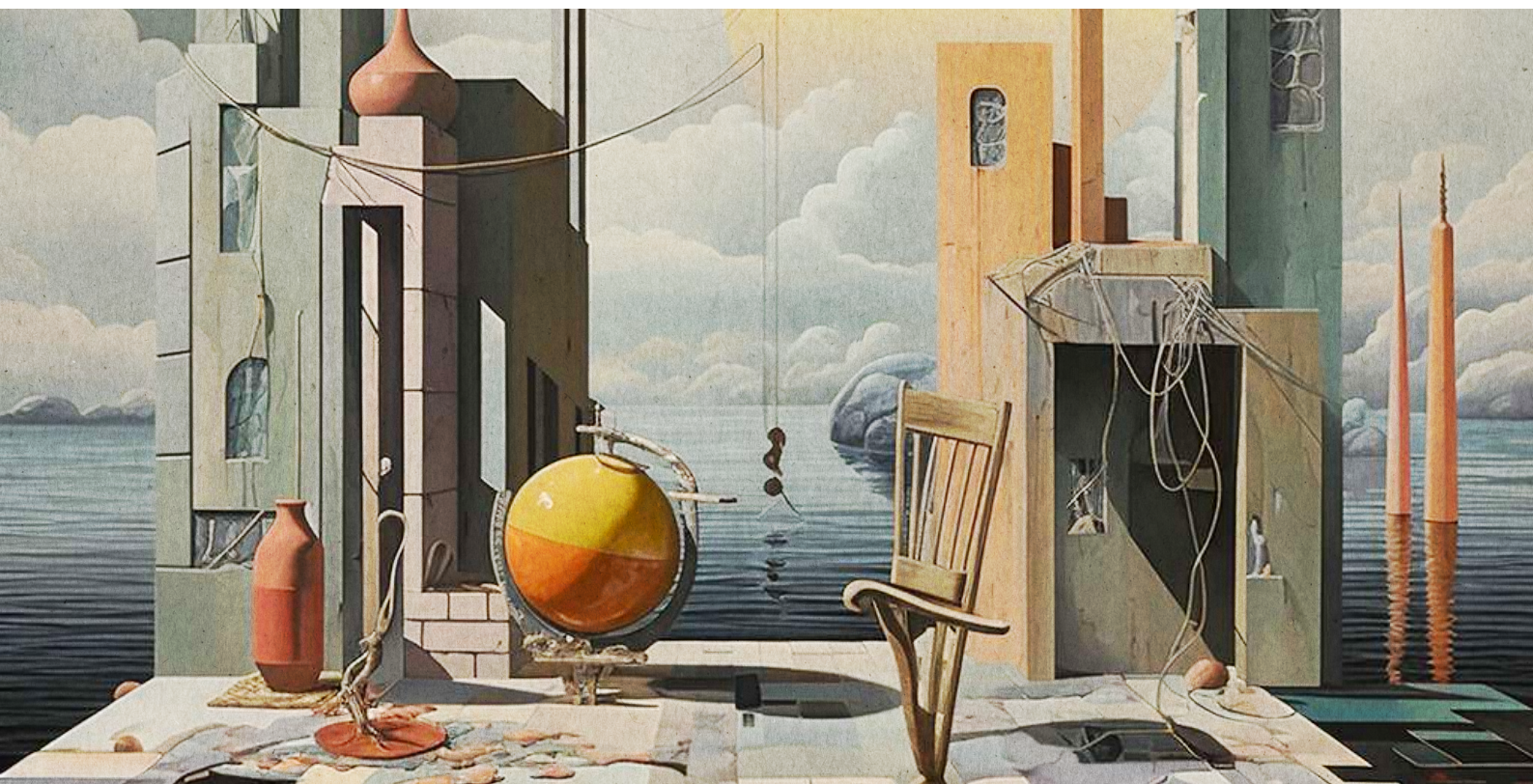High-Touch
Human

Skeptical / refusing
attitude towards AI

⬓ Transhuman Lifestyle

Narrative Identity: Transhuman Lifestyle brands put AI centerstage, attracting customers with the latest, greatest cutting-edge technology. These companies make innovation a selling point and confidently push themselves to develop and promote state-of-the-art tech. The tagline for this quadrant might be, "Let's push boundaries—let's blaze paths ahead."

Operations Approach: The Transhuman Lifestyle quadrant represents the most positive attitude towards AI. Brands that fall into this category are tech optimists who engage early, often, and publicly with new iterations and tools. They are the pioneers, working at the precipice of new developments and openly experimenting with innovative approaches.

Major Caveat: The big caveat in this category could be a failure to perceive the new tech's blind-spots, e.g., the potential for bias in AI's datasets. Without internal monitoring systems, leaders in this group could be unpleasantly surprised when a bias finds its way into their programs and distorts all subsequent product development.

⬚ High-Touch Human

Narrative Identity: High-Touch Human brands feature products and services that leverage personal, emotional, or aesthetic qualities. AI doesn't feature prominently in this category as these brands are built on tradition, craftsmanship, or the importance of human experiences. The tagline for this quadrant might be, "Quality and connection are what count."

Operations Approach: The High-Touch Human quadrant represents brands that promote natural, traditional, or ritualistic attributes. These brands are inherently skeptical about AI and are typically the most conservative in their approach to technology. Instead, they tend to focus on enriching what they already have and deepening their relationship to their customers.

Major Caveat: The big caveat in this category is getting left behind. Leaders in this group need to be sure their brand has legitimate staying power. Consider a beloved traditional soy sauce, as mentioned by a stakeholder we interviewed. Human craft, technique, and a time-honored process of barrel-aging makes the sauce great, and loyal customers want it to remain unchanged. Narratives in this category represent products or services that could conceivably stand the test of time—without AI.

⊞ Stability Anchors

Narrative Identity: Brands categorized as Stability Anchors choose not to put AI in the spotlight. They may use AI for specific projects and purposes, but they don't write it into their narrative or use it as a selling point for their brand. The tagline for this quadrant might be, "Slow and steady wins the race."

Operations Approach: The Stability Anchors quadrant is exemplified by brands that take a skeptical approach to AI. They're deliberative and selective in how they engage the tool, perhaps only using it to boost efficiency. Here, you may find brands that use AI because it's hard to avoid, given how pervasive the tool is.

Major Caveat: Given the prevalence of the technology, the caveat in this category is to not get left behind. Stability Anchors run the risk of clinging to obsolete programs, processes, and products, while other brands blaze paths ahead.
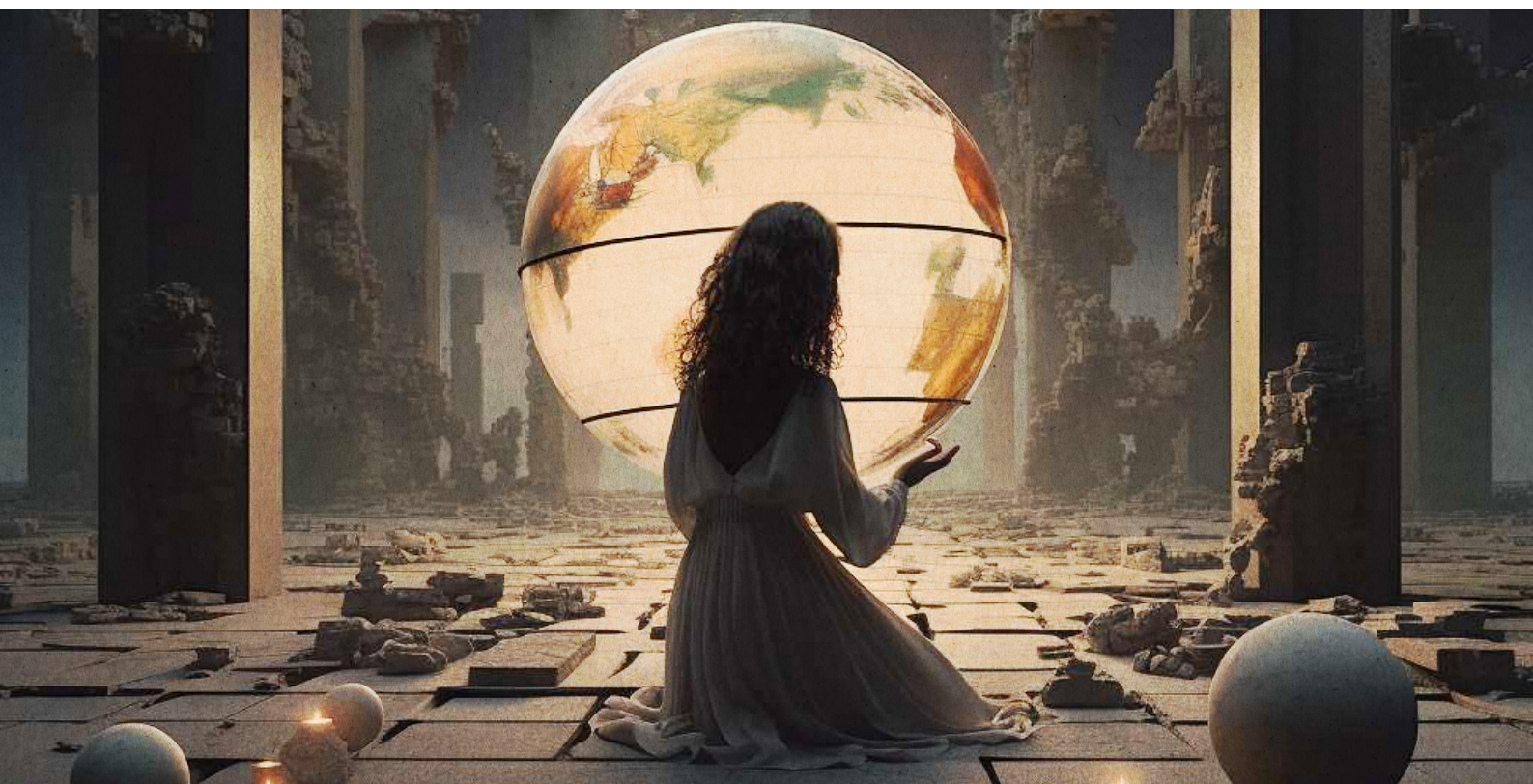
▣ Ultimate Convenience

Narrative Identity: Ultimate Convenience brands frame AI as a tool for customer convenience. They use AI to anticipate and fulfill customer requests and needs. The only test is its ability to optimize or improve something of value; if AI can make a process faster or more convenient, it will be embraced without hesitation. The tagline for this quadrant might be, "AI makes life easier."

Operations Approach: This brand category has a pragmatic interest in AI, rather than a dogmatic one. Their enthusiasm extends only as far as the technology is useful and effective. This attitude might mean they use the technology behind the scenes, rather than in the spotlight. The tools that AI presently offers—those that boost efficiency and speed—are well suited to this brand category.

Major Caveat: When ease and convenience are your selling points, you risk irrelevancy in the event of a paradigm shift. Imagine, for example, a rideshare app. The technology currently enables tech, images, and coding to be created "on the fly."[1] But some now predict that ephemeral apps are not far around the corner. Ephemeral apps are created for a specific need at the moment requested, and then disappear. With a rideshare need, Generative AI may act as an assistant to source the best rideshare in the moment, before vanishing. In this hypothetical context, the brand wouldn't matter anymore. The AI application would source from all options—looking past the brand.

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[1] House of Beautiful Business. 2023 *How Generative AI Will Change the User Experience: An exploration by the House of Beautiful Business and argodesign.* House of Beautiful Business 6-9
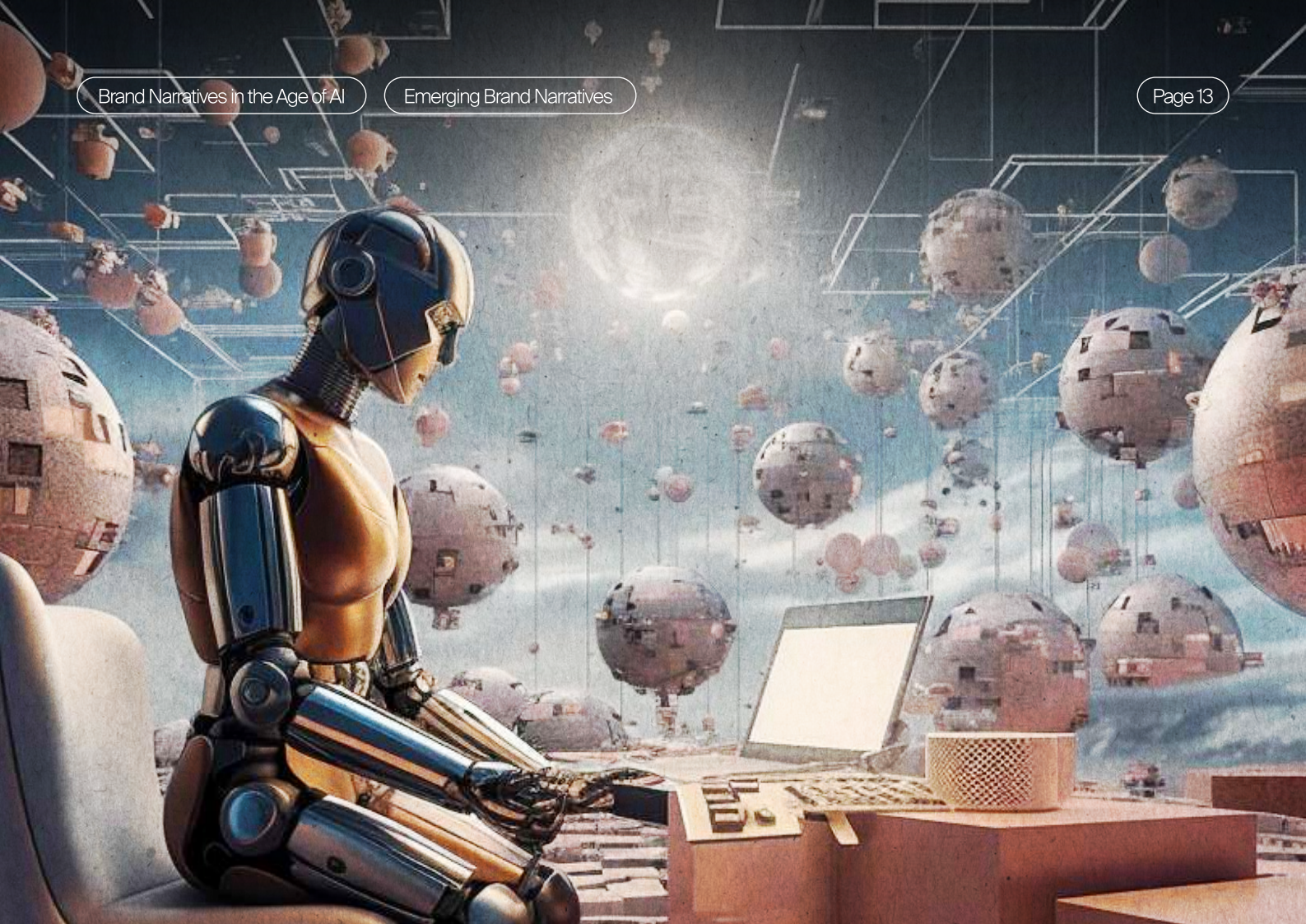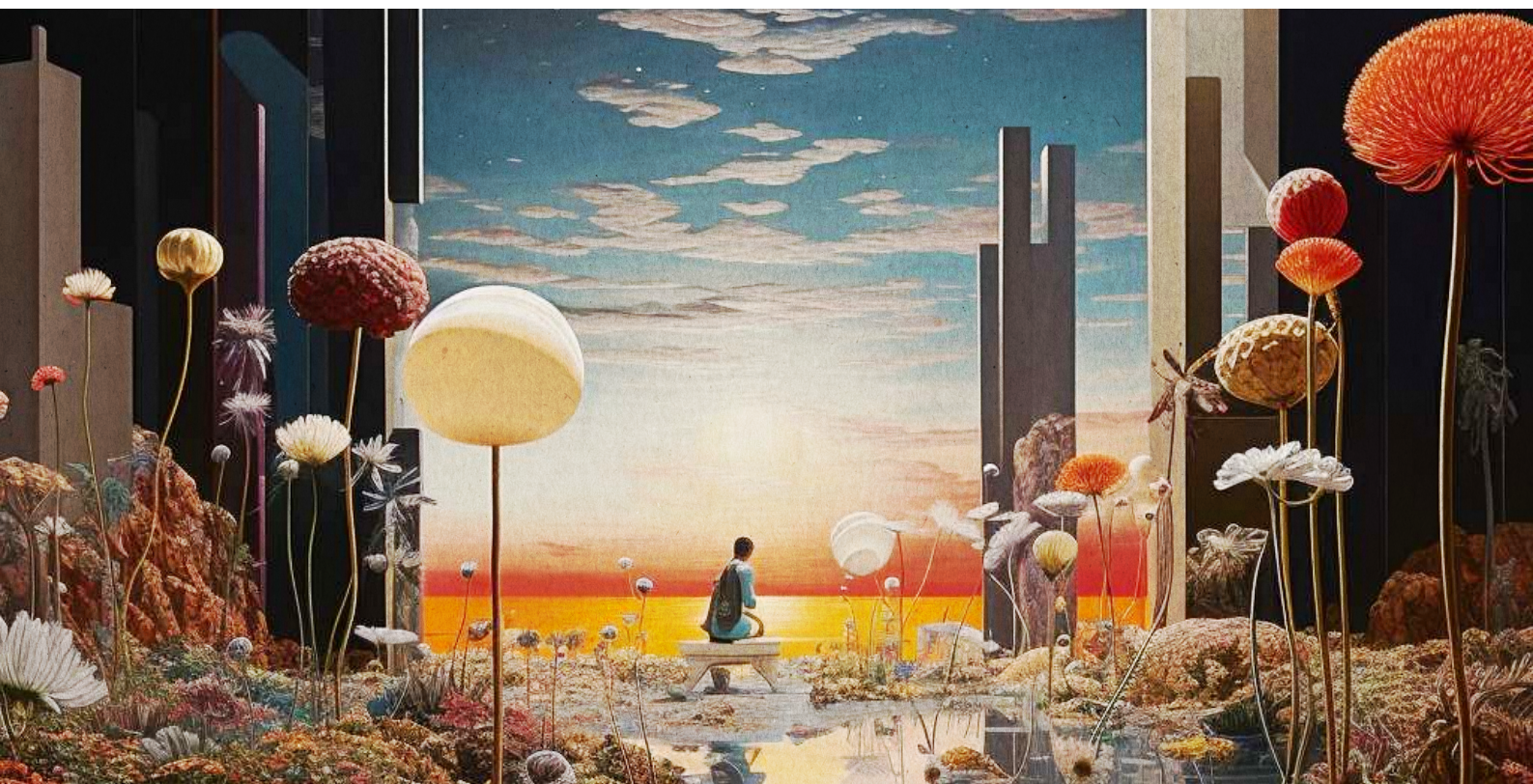
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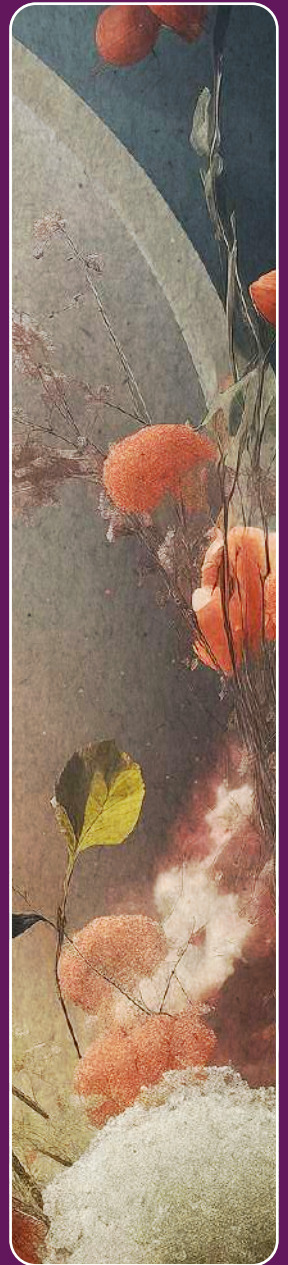
Strategic Opportunities

In the next section of the report, we'll take a closer look at each of these narrative quadrants and explore the strategic possibilities that are unique to each. Drawing on the insight and expert advice that we compiled from our interviews, we'll zoom in on methods, opportunities, and leadership ideas as they pertain to brand narratives and AI.

We'll also touch upon some of the fringe perspectives that emerged in the interviews. These idiosyncratic ideas can push us beyond conventional narratives and help us envision AI's most conceivably extreme impact on brands, thereby stimulating our imaginations.

An Exploration of Strategic Opportunities for Brand Narratives

We'll begin this section of the report by digging deeper into the qualities of each brand quadrant, and then exploring narrative opportunities and possibilities that are unique to each.

We started our interview process by asking stakeholders to think about what defines a brand. We asked them to reflect on how a company differentiates itself from others in the same space and on the various ways a brand provokes customer desire and loyalty. We also asked for their predictions on how AI will impact how we experience brands. We wanted the interviewees to think about the brands they were most familiar with and how those companies are currently engaging with AI. We asked them to name brands they feel are embracing AI wholeheartedly and, by contrast, those they feel have rejected it.

We've used their answers to develop narrative spaces that expand on each of the brand personas outlined in the *Brand Narratives in the Age of AI Matrix.*

Transhuman Lifestyle: Narrative Opportunities

As previously defined in the report, Transhuman Lifestyle brands are tech optimists and trailblazers who put AI in the spotlight and confidently flaunt the most cutting-edge technology.

Brands that fall into this quadrant recognize the enormous potential of Generative AI. Helen Edwards, co-founder of Sonder Studio, a research and consulting firm that specializes in data and AI, describes several emerging opportunities for tech-positive leaders. A key idea involves a dramatic shift in company-customer relationships.

"We could have very rich relationships between brands and customers—they could be really rich and deep in a way that hasn't been possible before. Especially around things like fixing problems, or seeing deep into the supply chain, or understanding weak signals and emerging demand," she says.

We've identified three promising narrative spaces for Transhuman Lifestyle brands: Customer Intimacy; Nostalgia Machine; and New Scents-Making.

Customer Intimacy

Sonder Studio's Dave Edwards says that we should take a radically different approach to how we think about Generative AI. He thinks the AI revolution calls for a major recalibration in how brands relate to their customers. AI creates the potential for an unprecedented degree of personalized content, paving the way for richer, more authentic, and more meaningful brand-customer relationships. This is especially true with OpenAI's new customizable GPTs, which let anyone create a version of ChatGPT that's tailored to their specific needs.

Edwards predicts that, with so much more customer data and information, we'll move into more intimate experiences with customers. He cites the example of a consumer discussing clothing preferences and sizes with an AI bot.

"They might share something that they don't like about their body. Having that information as a brand can be quite powerful," he says, adding that it provides a deeper understanding of people's individual needs and desires.

He suggests that the AI revolution is creating a very different kind of digital conversation—a private one. "We share many more individual conversations in public than ever when we're posting on social media. We're still thinking about the broader world hearing us. Now we're going to have private conversations with our digital partners."

For Edwards, these private conversations are where the real opportunities lie, giving brands unprecedented access to their customers' thoughts, feelings, and, potentially, their secrets. He suggests that brand managers anticipate this trend by reflecting on the following questions:

What level of intimacy do we want to have with our customers? Is ours a brand that wants to build a truly intimate relationship? Do we want to get to know a customer as much as we can?

Edwards cautions that our ability to access so much personal information comes with a cost. There will be major challenges around privacy and data use; the more you know about an individual, the more responsibility you have for protecting them and this information.

"It's a very large responsibility," he says. "Consider what you know when you're a human and you've got an intimate relationship with someone. How much do you really know about them? What responsibility do you take when you capture that information? How do you ensure that you don't share it with people that you shouldn't?"

It follows that caution is crucial when it comes to this revolutionary technology. Helen Edwards agrees that brands will need to show that they are respecting customer privacy. She thinks customers will want to know they can trust the brand, and will want to feel as though the brand is engaging with them in a truthful, authentic, and reliable way.

"If companies are thinking about customizing chatbots for specific deep engagement and intimacy with customers, it changes the relationship landscape completely," she says.

But whatever the actions or measures needed to protect privacy and data misuse, Helen Edwards thinks they're worth it. She believes that AI will facilitate incredibly rich relationships between customers and brands in a way that hasn't been possible in the past. She predicts that the demand for first-rate customer service is going to increase dramatically as more and more brands start offering an unprecedented level of intimacy and quality of customer care and attention. She also expects that customers will demand more in an "intimacy economy." Missteps and mistakes will be harder to tolerate. For example, a customer will be turned off if they're presented with an ad for something they bought the day before—they'll expect the brand to know better.

Elaine Kasket, author of _Reboot: Reclaiming Your Life in a Tech-Obsessed World,_ has similar expectations regarding AI's impact on customer-brand relationships, particularly in the realm of customer service. But for Kasket, the advent of newly freed time is a vital part of the conversation. In fact, she thinks customer intimacy will be generated less by the bots themselves, and more by employees with additional time on their hands. She reflects on the fact that humans crave connection and empathy, needs that machines cannot fulfill in a satisfactory way. So, in her mind, intimacy won't be facilitated by AI, so much as enabled by it; AI increases efficiency and thereby gives teams more time to build meaningful connections with their customers.

In the same vein, Kasket also believes that AI won't render humanity obsolete. She thinks that human creativity and generativity will continue to matter. In her mind, AI is clearly able to provide connectivity and responsiveness, but its ability to provide connection and relational depth remains unproven and unclear.

Tony Ko, a managing director in global data, technology, and AI for Slalom, a consulting firm focused on strategy and technology, introduces a further consideration. He suggests that brands may need to rethink their approach to communication. He thinks the AI era will demand that we communicate with machines as often as we communicate with people. The problem

inherent in that is how bad we already are (or can be) at expressing ourselves effectively to each other. Part of this problem derives from the fact that marketing people and tech people use language quite differently.

"We use words in a different way, because the taxonomy in our minds is based on our experiences and behavior," he says. "So language is highly subjective."

Ko reflects on how impossible it will be to teach a machine our language models and conventions when there's so little accord among ourselves. He thinks the upshot of this challenge will be to reinforce the importance of effective person-to-person communication. In fact, he anticipates a renewed interest in learning from and empathizing with people across diverse functions, departments, and teams. So, like Kasket, Ko predicts that some aspects of AI will have an almost paradoxical effect, reinforcing the unique value of human intimacy and connection.

Nostalgia Machine

A fascinating idea that emerged from our interviews is the opportunity for brands to play with the concept of nostalgia. Shuya Gong, an interaction and venture designer who advises large organizations and brands on how to interact with ideas and services, believes that nostalgia is a powerful tool for customer engagement. For example, she imagines using ChatGPT to write a press release in the voice of a past personality, thereby leveraging customers' fondness for a bygone person or era. Collected information from the past can be strategically engaged to promote a new brand image.

Gong points out that this practice raises important questions about consent, which a late personality isn't able to give. But setting that concern aside, she thinks that nostalgia presents rich possibilities for engaging new and existing customers.

"We have a deep nostalgia for certain things and want to bring them back," she says. "If that is in the zeitgeist with Generative AI, we might accurately and easily bring back the things that we long for."

A New Scents-Making

Another intriguing opportunity is for brands to engage the human senses in new ways. This form of engagement could include a range of audio, visual, and tactile content, including everything from music to animations to interactive ads. It could also include our sense of smell. Gong suggests that AI could help us use scent as a new way to experience a brand.

"When styles and aesthetics start to look and feel the same, then the things that you seek out and desire, and the things that stay novel, are the things you can only experience empirically or personally, i.e., through the senses," she says.

Gong is excited by the potential for sensory experiences to trigger positive customer reactions and emotions. She points out that scientific studies have shown that the areas in the brain associated with emotions and memories—the amygdala and hippocampus—also process smells.

Brands are noting this connection. A recent report in the food and beverage sector highlights the work of the food-tech unicorn company NotCo, which has successfully used AI technology to develop aromas that evoke emotions or memories. By examining the smells at a molecular level, and analyzing the brain's reactions, NotCo's technology reproduces flavors and aromas that are associated with specific memories and emotions.[2]

In the future, a brand's scent could be just as important as its logo.

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[2] Food and Beverage Innovation Report, Jun 14-16, 2023, Shenzhen World Exhibition & Convention Center (Bao'on District) presentation by Shuya Gong.

High-Touch Human: Narrative Opportunities

The High-Touch Human quadrant represents brands that prefer to keep their feet squarely in the realm of natural intelligence—human cognition, emotions, and consciousness. These brands are skeptical about AI and conservative in their approach to new technology. Brands situated here may choose to focus on enriching what they have, without engaging the latest or trendiest tech innovations.

Several interviewed for the report cite the possibility that progress in AI could trigger an increased desire for human connection. As AI becomes more powerful and autonomous, we may paradoxically crave "real" physical connection and non-digital experiences. This yearning presents growth opportunities for brands focused on creating products and services that have a special aura of value or meaning.

The brands that surfaced in our discussion of this quadrant are those that value human craft, connection, and beauty. We've identified the chief narrative space for High-Touch Human brands: Cultural Blueprints.

Cultural Blueprints

Gong offers a compelling hypothesis about brand behavior: If your brand isn't embracing Generative AI, there's probably a good reason for it. She suggests that brands running away from the latest and greatest technology may rightfully believe that their brand identity lies in the tradition with which it's most closely associated.

"It may be akin to a brand that cherishes something like an oral history, where you're handing down information from one person to another," she says. "You are embracing apprenticeship, which is a little slower. You are leaning into the idea that there's something wonderful about craft."

Helen Edwards agrees. She thinks that brands which embrace detail, craft, and tradition need to recognize that the context has changed, and then find their unique way forward despite that. "I think the real opportunity in that space is to say, these tools are here. But how do we preserve and value the human experience?" she wonders.

Other subjects predict that authenticity will take on added meaning in a world inundated by AI-made replicas. "Real" art and "real" content may come to seem like antidotes to endless digital fakes.

Clinging to tradition amid seismic cultural change has been pulled off successfully in the business world. Katy Mogal, UX insights and strategy leader, believes there will always be a segment of the market that's willing to pay a premium for

luxury "human" brands. She points to the example of Liberty designs of London, whose 19th-century William Morris patterns remain popular today.

"William Morris essentially led a revolution against the industrial revolution, focusing on craft and the rejection of mass production. People paid a premium for purely hand-designed wallpapers and fabrics, and continue to do so today. So I think there is (and will continue to be) a space for brands to offer purely human-designed experiences and products," she says.

The danger for these brands is obsolescence. If you categorically refuse to engage with new technology, you risk becoming irrelevant or out of sync with the present moment. Karl Saffré, global brand chief designer for Renault, details the pitfalls of pursuing a strategy so radically pinned to the current way of being. He points to the shift in learning that took place in postwar classrooms, when paper was introduced as an alternative to blackboard writing. At the time, people revolted, a fact that seems plainly ridiculous today.

"Now, of course, many students have evolved beyond paper and use digital tools at school. This invites the question: How will this technology be part of our daily lives in 20 years' time? And what will have changed by then?" Saffré wonders.

Stability Anchors: Narrative Opportunities

Brands that fall within the Stability Anchors quadrant choose not to spotlight AI. They may use AI selectively, but it's neither a part of their brand narrative nor a featured selling point.

Stability Anchors tend to be skeptical of AI. If they engage certain features, they do so minimally and with caution. Rather than implementing systemic solutions, these brands use AI for specific and limited purposes that support human-led work. Many of these brands use AI because it's becoming increasingly difficult to avoid.

Brands in this category often feel that AI is too new and unpredictable to rely on. They feel there's too much risk of exposing the brand or jeopardizing relationships with customers.

With these concerns in mind, Dave Edwards suggests a clever workaround: Stability Anchors could consider developing their own personalized AI. He points to foundation models that allow brands to build their own tools. The tools aren't perfect, and they require a lot of insight in terms of data privacy and data governance within an organization. But they still offer a strategic approach that enables cautious brand leaders to use AI without exposing the company to unforeseen risks.

In the future, brands may not always have an explicit choice about how they use AI. Some brands that identify as High-Touch Human at heart, may find themselves in the Stability Anchors category because of external forces such as regulatory structures. Raffaele Mauro, partner and co-founder of Primo Space, references the attempts to legislate AI in Italy. The country made the news for regulating ChatGPT over alleged violations of privacy law. This new legislation compels Italian brands to establish protocols and practices concerning AI, whether they want to or not.

Stability Anchors also include brands that follow an extremely cautious approach to AI's implementation. This approach might start with something as basic as a talent strategy that's focussed on hiring tech experts who can design an internal plan. Implementation may also begin solely with internal operations, and not involve customer-facing assets or services until much later.

Karl Saffré thinks this approach to AI is quite common.

"As far as brands are concerned, I think there's actually a bit of a wait-and-see attitude today, a bit like what it was with NFT and Web 3," he says. "Leaders may wait a bit, not really sure whether to get involved or not."

Strategic Peacocking

In order to test their willingness to experiment, Helen Edwards suggests that leaders start by asking themselves, "What's my excitement to fear ratio?" Edwards typically sees both qualities in the leaders she has worked with.

"You have to have both," she says. "You have to have excitement, and you have to have fear." In her view, it is wise to have some caution since Generative AI doesn't always get things right. "For example, when it tells you something that you thought was true, and you pretended it was your own knowledge in a meeting, and it turned out wrong. It's very embarrassing."

"Humans pay the cost of AI failure," she says.

This problem is of critical concern to anyone engaging with brands and AI: What if the technology serves up incorrect information? The blowback could be catastrophic to a brand, particularly if the error has been the starting block of various projects or been extrapolated into other contexts.

A strategy to circumvent, or at least minimize, this risk could be "peacocking." Peacocking is about optics; it means sending the right message to consumers without anything more than a nominal change in brand behavior. Strategically, a company can signal that it is engaging with AI, without going all in. The tactic allows a company to buy itself time to experiment cautiously behind the scenes before making decisions and scaling them across the brand.

For Edwards, the real challenge for brands is scaling an idea effectively while protecting the company from failure. "Anyone can do an experiment," she says. "Ideas are cheap."

But whether or not bosses condone AI, the technology has infiltrated the workplace. "About 40-50% of people who use these tools don't tell their bosses that they're using them," Edwards says.

This covert usage means that AI is absorbing brand information without a leader's knowledge or control. According to Dave Edwards, it can make for a whole lot of unwitting plagiarism. "Are you mistakenly using somebody else's tagline because the AI has learned that?" he wonders. "Maybe the prompt serves up 'Just do it' when you are searching for creative slogans for sneaker advertising. And, of course, that is already the slogan for another sneaker giant," he says.

Ultimate Convenience: Narrative Opportunities

Ultimate Convenience brands use AI as a tool to boost convenience, accessibility, ease of use, and affordability. They use AI to heighten their ability to anticipate and respond to every customer request.

Interestingly, the stakeholders we interviewed said little about the role AI can play in developing and honing customer-facing conveniences. Rather, we heard ideas about how AI may be used internally, in behind-the-scenes activities that make work and collaboration easier for teams.

Martin Harrison, an award-winning strategist based in London, echoes his peers when he suggests that AI can take care of all of the tedious busywork we have no interest in, thereby freeing up our time to do more interesting things. Alberto Cazzaniga, a permanent researcher at AREA Science Park, agrees with Harrison, and ponders whether this technology will be instrumental in improving our happiness at work and our sense of professional fulfillment.

Katy Mogal draws an interesting link between how a brand engages with AI and how that brand is publicly perceived. She suggests that workplace culture and brand reputation have a proportional relationship; a spirit of tech-positive experimentation among teams will inevitably spillover into the broader customer population. Other interviewees suggest a similar dynamic between internal and external culture, positing that the way employees are treated at work will have an indirect impact on the brand's reputation.

Harrison is a big proponent of this theory. He thinks brands should search for ways that AI can benefit both the company and the extended community.

"Use AI in a way that makes things better, or cheaper, or enables the circular economy to work. What if we found a way to make artificial intelligence help us to recycle more intelligently?" he says.

We Offer Accessibility

Harrison is also optimistic about how much AI will make sourcing and purchasing both quicker and easier for consumers. Since the technology will be able to access data from multiple databases, it will offer customers optimal solutions by comparing and collating available options. Imagine an airline booking engine powered by AI; it could sit on top of multiple databases and offer customers the best of all options.

Andrian Kreye, editor of Süddeutsche Zeitung, draws our attention to a problematic byproduct of AI-powered scramblers: Brands will lose relevance. If you ask your AI assistant to collate various solutions based on a specific set of needs, the quality of that solution becomes much more important than who delivers it. For the consumer, convenience trumps the brand.
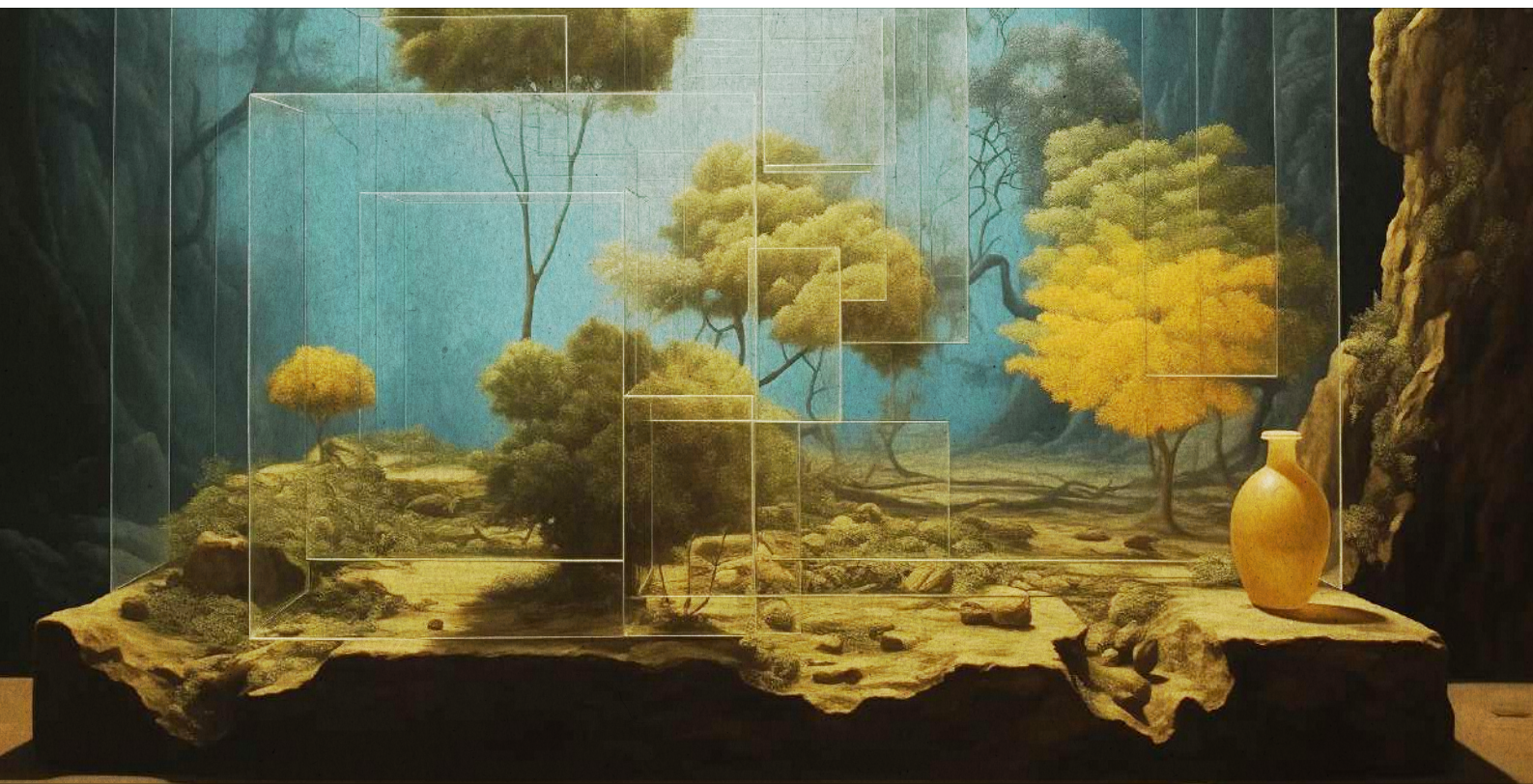
Big Stars Represent Small Brands

Mogal is less convinced that Generative AI will spell the end of brand centrality. Instead, she sees ways for hyper-localized Generative AI to actually help brands grow. She points to an interesting case study: Cadbury made it possible for Shah Rukh Khan, a major Bollywood star, to become a brand representative for small businesses. Using machine learning to recreate Khan's face and voice, Cadbury was able to create different versions of the same ad, and then target local viewers at regional stores. Retailers and merchants were involved in the ad creation, and thereby able to customize the content based on their community's preferences and needs.
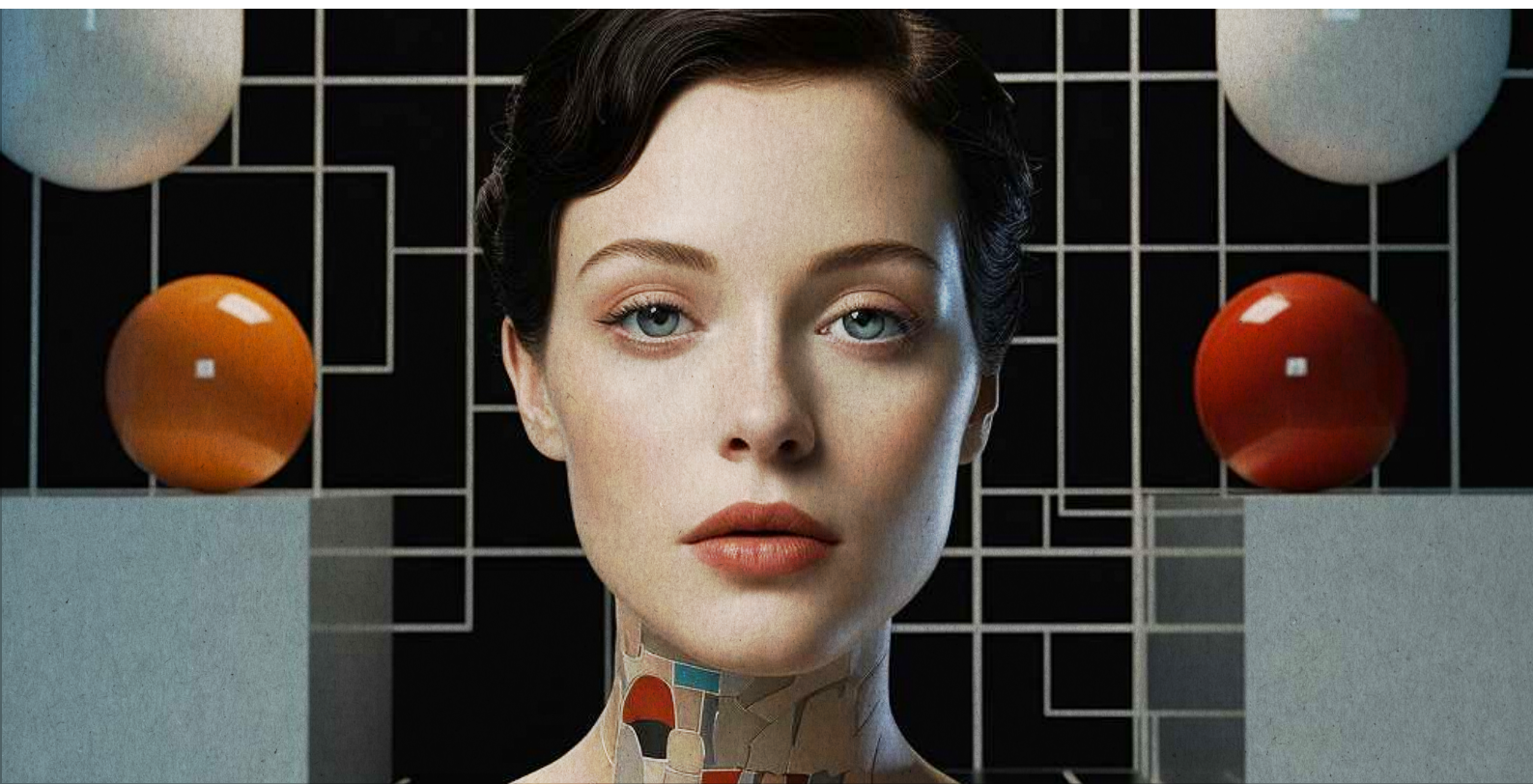
Personalized Packaging

Shuya Gong sees another promising opportunity for AI: packaging. Since packaging is expendable and easy to experiment with, she anticipates new trends and innovations in this space. Brands can test customer reactions quickly, creating a fast cycle between printing and getting the product on store shelves. She points out that some brands are already using Generative AI and predictive AI together to understand how to target particular demographics.

Gong foresees a future where the same product is packaged in different ways, each version tailored to appeal to a specific customer or demographic group. "There's something fascinating about that," she says. "Because it makes you ask: Is it just the packaging that matters to us?"
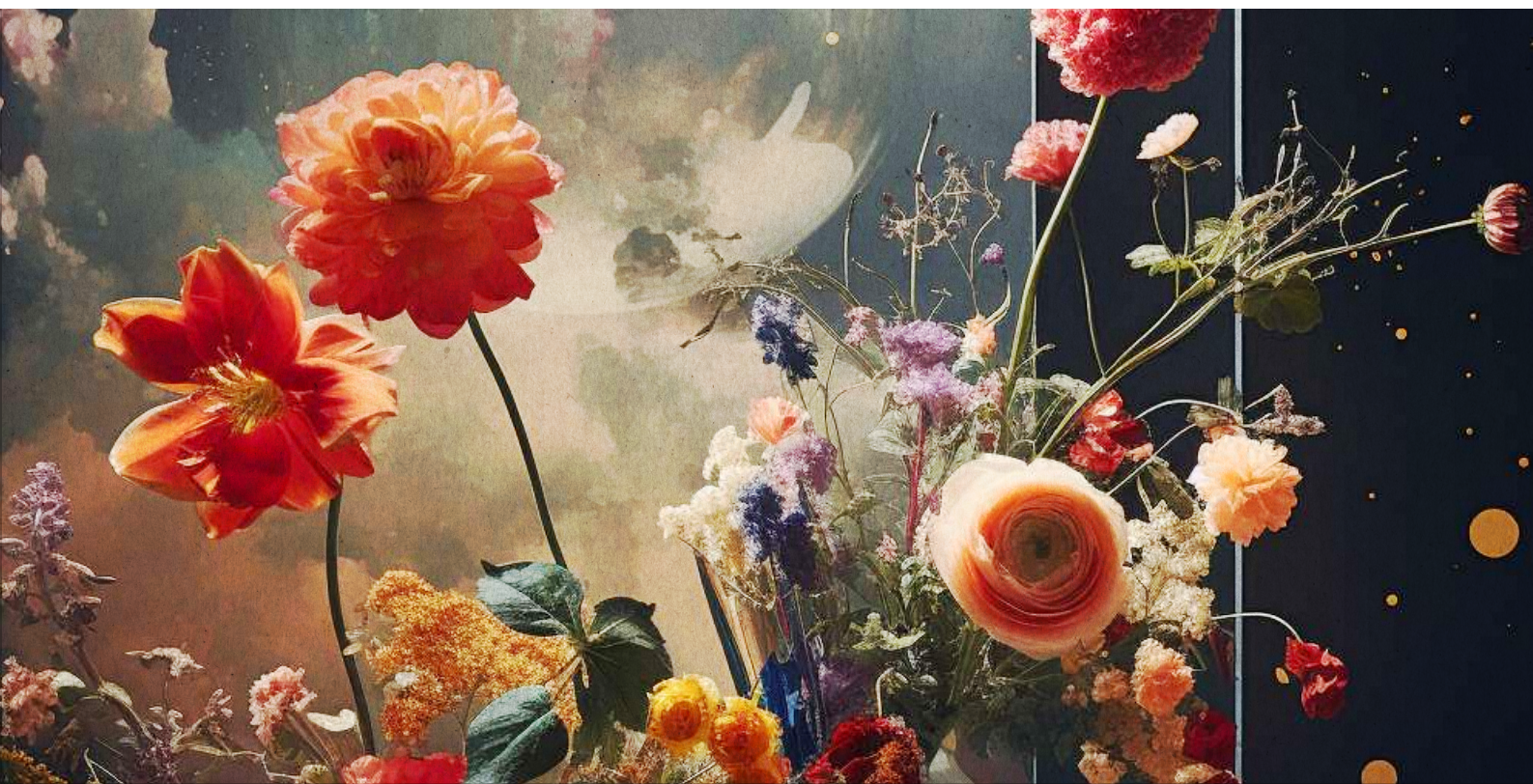
Conclusion : The Beautiful Future of AI and Brands

Generative AI is increasingly everywhere, and its impact on brands is only intensifying. Brand leaders must think ahead and decide how they want the new technology to shape their brand narratives.

In this report, we facilitated a conversation about brands and Generative AI, exploring the ways that brands can use the new tech as we move towards a future with inevitably more of it. We engaged questions and ideas from both informed and imaginative viewpoints, inviting our stakeholders to share their analyses and insights.

What's conclusive from our interviews is that the new technology has sparked enthusiasm and excitement across various industries and professional specializations. It has already created remarkable ways for brands to respond to customers with heightened sensitivity and customization. Speaking with various experts, we were struck time and again by their palpable eagerness and curiosity. A highlight might have been Dr. Angel Acosta's predictions on the way AI could give us access to intelligence from different communities. An academic in the field of social justice, he considers the unique wisdom and traditions of the Yoruba people, and wonders whether AI could help us understand their culture.

"Just imagine being able to give linguistically diverse communities their own language models. What if AI could become infused with the wisdom of many cultures?" he says.

But amid all this enthusiasm, we heard cautionary words, too. The new technology introduces complex risks and concerns that have both ethical and financial implications. Our use of personal data and information is primed for a radical shift, and there may be a lag between our tech-enhanced capabilities and our ability to regulate them. Moving too quickly and making mistakes can have serious ramifications for brand trust and loyalty.

Brands will respond differently to this new world order. We've identified four distinct responses to AI, characterized by enthusiasm, pragmatism, reluctance, and rejection. We proceeded to explore the narrative spaces and opportunities that are unique to each response. Our findings and ideas are summarized in our matrix: *Brands in the Age of AI.*

But our report does more than reveal promising opportunities for brands and areas for narrative expansion; we come away with an understanding of what it might take to infuse an AI-forward world with beauty.

Certain stakeholders highlighted ways that brands can use AI to improve human quality of life and to address the most critical issues of our era. Several interviewees spoke of a powerful relationship between internal workplace policies and broader societal attitudes. They suggested that Generative AI creates a whole new level of corporate responsibility. When brands have early and unequal access to powerful new technology, it behooves them to model positive approaches and engagement. Brands can set the standard—and spark thrilling ideas—for how AI is used.

Methodology

The House of Beautiful Business, in partnership with Hotwire, completed a series of in-depth interviews with experts from diverse fields. We spoke with psychologists, brand strategists, AI ethicists, designers, and others working in AI-adjacent disciplines with the aim of capturing and including a wide range of perspectives in the report. The interviews were conducted during the months of August and September 2023 with a total of thirteen experts.

Interview recruitment

Hotwire and the House of Beautiful Business recruited an array of experts from their design networks and global communities. To qualify for inclusion, potential interviewees had to be leaders in their respective fields. Please note: The report includes the perspectives of Hotwire leaders who are also partners in the production of this report.

Interviews and analysis

Virtual interviews were conducted on behalf of Hotwire and the House of Beautiful Business. The moderator followed the same interview guide. This guide is available upon request.

Interviews were conducted online. Each interview lasted approximately 60 minutes. The House of Beautiful Business provided a transcript of each interview, and interviews were transcribed by Zoom. Interviewees were not compensated for their participation.

Transcripts of each interview were analyzed.

The quotations featured in the report have been lightly edited for grammar and clarity. They are not representative of a larger demographic or geographic group; instead, they are intended to describe themes identified during the interviews. Those quoted were invited to review the quotations for accuracy.

House of Beautiful Business

The House of Beautiful Business is the network for the life-centered economy. Our mission is to create a new kind of business that is more purposeful, inclusive, and sustainable. Thought leadership-driven, community-powered, and experience-based, we bring together business leaders, economists, policy-makers, technologists, scientists, artists, and activists through consulting, in-person gatherings, online programs, publications, performances, and art. Founded in 2017, the House has grown from a pop-up event to a platform comprising learning and development experiences, an annual festival, local events, and more than 35,000 community members worldwide. A distributed team with offices in Berlin, Lisbon, Munich, and Atlanta, we have worked with numerous Fortune 500 companies including Ageas, Airbus, Accenture, BCG, EY, LinkedIn, Google, Microsoft, PwC, Salesforce, SAP, Sky, and Volkswagen Group. Our seed investor is Porsche.

Hotwire

Hotwire is a leading global tech PR, communications, and marketing consultancy. We partner with top technology brands from across the world, providing expert consultancy that scales and supports their businesses. Found at the intersection of technology and humanity, our 400+ people in 11 countries weave global experience and local expertise to define, measure, and repeat success across reputation, relationship, and revenue campaigns. Follow us here to see how 20+ years at the forefront of communications and marketing help Hotwire make the technical irresistible.

Contributors

Dr. Angel Acosta

Chair, Acosta Institute

Angel Acosta works to bridge the fields of leadership, social justice, and mindfulness. His research explores healing-centered education as a framework for educational leadership development and community care. With an interest in better understanding collective trauma, he is currently collaborating with other scholars to develop group processes for collective healing. His previous roles include program director for the national nonprofit CFES Brilliant Pathways, director and teacher with Leadership exCHANGE, and trustee for the Center for Contemplative Mind in Society. In addition to chairing the Acosta Institute, he is currently the director of the Garrison Institute's Fellowship Program and the creative director at the NYC Healing Collective.

Alberto Cazzaniga

Permanent researcher, AREA Science Park

Alberto Cazzaniga is a researcher at the RIT Institute at AREA Science Park in Trieste, where he focuses on machine learning and deep learning techniques in material and life sciences with the LADE research group. He holds a DPhil in Pure Mathematics from the University of Oxford, and a Claude Leon Fellowship from AIMS-SA in Cape Town. Alberto currently teaches Natural Language Processing and Generative AI at University of Trieste, ICTP and SISSA.

Helen and Dave Edwards

Co-founders, Sonder Studio

Helen and Dave Edwards specialize in empowering humans in this complex age of machines, data, and AI. They co-founded Sonder Studio, an insights and innovation consultancy that helps organizations activate the collective intelligence of humans and AI. They work with leaders in tech, data, and analytics to co-create AI strategies, design innovative AI products and services, and craft change management programs that help their people succeed in an AI-powered, complex world. They co-created *Artificiality*, a media business dedicated to understanding the collective intelligence of humans and machines, and co-authored *Make Better Decisions: How to Improve Your Decision-Making in the Digital Age.*

Contributors

Shuya Gong

Innovation fellow and lecturer, Harvard Engineering

Shuya Gong uses her background in mechanical engineering and venture design to prototype the future by exploring how emerging technologies catalyze systemic change. While at IDEO CoLab, Shuya collaborated with Target, H&M, Nasdaq, Fidelity, and more on projects spanning the future of food, insurance, fashion, finance, and fertility, building proof of concepts to make the future tangible. She is also a design innovation fellow and lecturer at Harvard University School of Engineering and Applied Sciences. Shuya is a co-founder and partner at Maybe Ventures, LLC, a practice dedicated to regenerative design, and is creating Chaotic Goods, a studio exploring the emotional ergonomics of new technologies and cyberphysical spaces.

Martin Harrison

Brand strategist

An award-winning strategist with a specialization in the B2B sector, Martin Harrison helps businesses build memorable brands. He mines insight and culture to create emotionally resonant content that delivers outsized commercial returns. He has worked in account management and strategy, and led cross-functional all-agency teams on projects ranging from marketing to product development on both local and global levels. He is the 2011 and 2022 winner of an IPA Effectiveness Award. Martin is also a course lecturer at the Chartered Institute of Marketing (Advanced Digital Techniques) and speaks regularly on digital strategy at top festivals and events, including SXSW in 2015 and 2016.

Ute Hildebrandt

Managing director, continental Europe and Germany, Hotwire

Ute Hildebrandt is an experienced founder with a background in marketing and advertising, as well as in corporate communications, strategic consulting, and issue management. In addition to creating high-profile campaigns for renowned automobile and tech brands such as BMW, Porsche, Amazon, Intel, Sony, and Rockstar Games, she was also head of PR for MTV Germany and a board member at Häberlein & Mauerer in Berlin and Munich. At Hotwire, a global communications consultancy, Ute initially served as managing director of the agency, specializing in technology communication, before becoming managing director of continental Europe and Germany in 2022.

Contributors

Elaine Kasket

Psychotherapist and author

Elaine Kasket's work spans books, talks, articles, podcasts—and a psychotherapy practice. She is the author of *All the Ghosts in the Machine: The Digital Afterlife of Your Personal Data* and *Reboot: Reclaiming Your Life in a Tech-Obsessed World,* an examination of technology's impact on psychology and relationships, which is forthcoming next year. Elaine is currently editing her first novel, juggling articles for international media and academic journals, and publishing a weekly newsletter and podcast. She is also in high demand as a keynote speaker and trainer.

Tony Ko

Managing director, global data, technology, and AI, Slalom

Tony works with client executives and innovation teams to help them realize the promise of AI responsibly. He also advises world leaders focused on making higher education in AI more accessible to diverse leaders and communities. Tony and his team are dedicated to empowering organizations to leverage cutting-edge technologies and techniques (AI, Machine Learning, Cloud) with the aim of making a positive impact in the world. Tony is based in San Francisco and speaks frequently at industry conferences and events. He has led teams of consultants in AI data, AI product engineering, and design.

Andrian Kreye

Editor, Süddeutsche Zeitung

Andrian Kreye is editor-at-large at the German newspaper Süddeutsche Zeitung, where he led the arts and ideas section until 2020. Before that, he was based in New York and worked as a crisis reporter in Africa, Asia, Latin America, and the Middle East. He is the author of several books on subjects ranging from minority culture in Germany to post-9/11 New York. Andrian's 2019 book, *The Subjugation of Machines*, was instrumental in introducing Germany to new ideas in AI and involved a collaboration with the thinkers' network *Edge*. His forthcoming book, *The Edge of the Machine*, is a fast-paced history of the digital era. In 2019, he was awarded Germany's most prestigious journalism award, the Theodor Wolff Preis, for his work about AI.

Contributors

Raffaele Mauro

Partner and co-founder, Primo Space

Raffaele is co-founder and general partner at Primo Space, a venture capital fund focused on deep tech and the space economy. Previously managing director at Endeavor Italy, where he provided scale-up companies access to smart capital, talent, and markets, he has also worked as head of finance for Innovation & Entrepreneurship at Intesa Sanpaolo, and at venture capital funds such as P101 Ventures, United Ventures (formerly Annapurna Ventures), and OltreVenture. Raffaele regularly presents at conferences and advises institutions on how global entrepreneurship and frontier technologies are shaping our society. He likes meeting creative thinkers, scientists, and entrepreneurs who are willing to improve the world.

Katy Mogal

UX insights and strategy leader

Katy Mogal has built and led research teams to inform design and strategy across multiple industries and companies. Her focus is on helping clients and stakeholders develop business, product, and design strategies that keep user needs central. As a market researcher, she led insights-based strategy engagements for clients including Nike, Weight Watchers, and Viacom, and then went on to build and lead UX and design research teams at Fitbit, Facebook, and most recently, at Google, where she led research teams on Google Assistant.

Karl Saffré

Global brand chief designer, Renault Group

Karl Saffré is the global brand chief designer at Renault Group, where he oversees the company's full list of brands. He has 17 years of experience with design agencies and specializes in brand perception and engineering emotional impact. Within the Renault Group, he is currently working on AI's integration into all design processes. This project involves supporting the creation of a Global Digital Twin for the company and leading a project to improve design efficiency through beta testing of new emerging AI solutions.

All the images included in the report have been generated using Midjourney.