GENERATIVE AI RADAR
CONSUMER PACKAGED GOODS

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Generative AI Radar — Consumer packaged goods

Generative AI is still new, yet enterprises are already exploring its transformative potential

This year will bring further developments in generative AI, as organizations familiarize themselves with this transformative technology. So where are they now?

Through this study, we aimed to uncover how companies use generative AI, how much they spend on it, how it's being rolled out, and where it makes an impact. We looked at 3,000 companies across 12 industries:

- Automotive
- Consumer packaged goods
- Energy, mining, and utilities
- Financial services
- Healthcare
- High tech
- Insurance
- Life sciences
- Logistics and supply chain
- Manufacturing
- Retail and hospitality
- Telecommunications

Many companies told us they are already spending significant sums of money and are set to spend more this year. However, this pattern isn't the same across sectors. In this data book, we highlight how consumer packaged goods (CPG) compare with the rest of the pack.
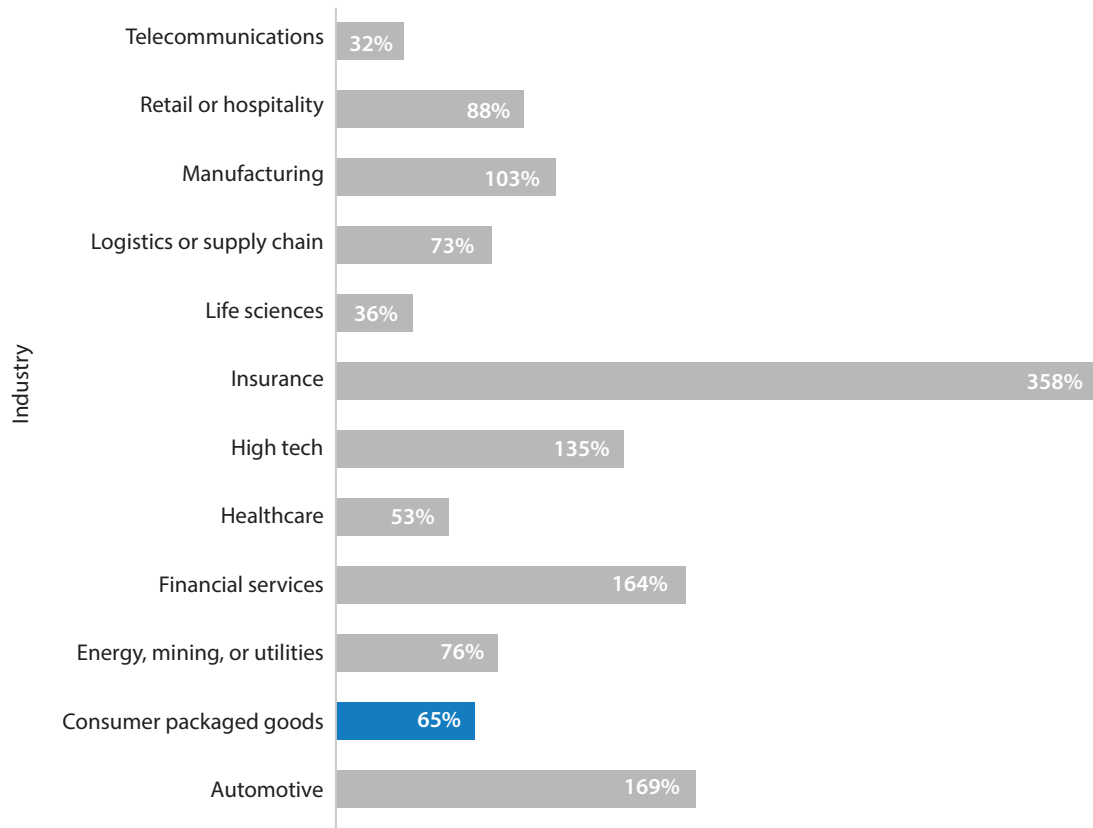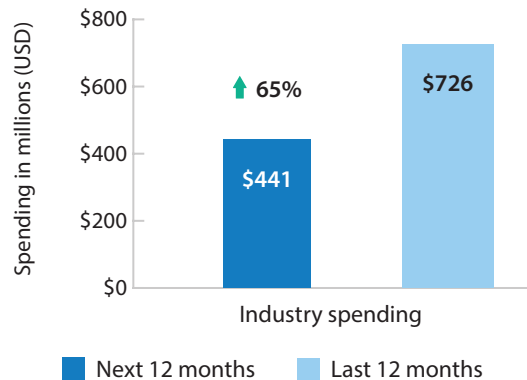
Generative AI spending

Generative AI spending growth by CPG companies lags most industries

Spending by CPG companies is set to grow by 65% in 2024 — CPG companies plan to increase generative AI spending. However, their spending growth ranks in the bottom third among all industries.

CPG generative AI spending

Spending in millions (USD)

- $800
- $600
- $400
- $200
- $0

↑ **65%**

$441 (Next 12 months)
$726 (Last 12 months)

Industry spending

■ Next 12 months   ■ Last 12 months

Expected generative AI spending growth in 2024 by industry

Industry:

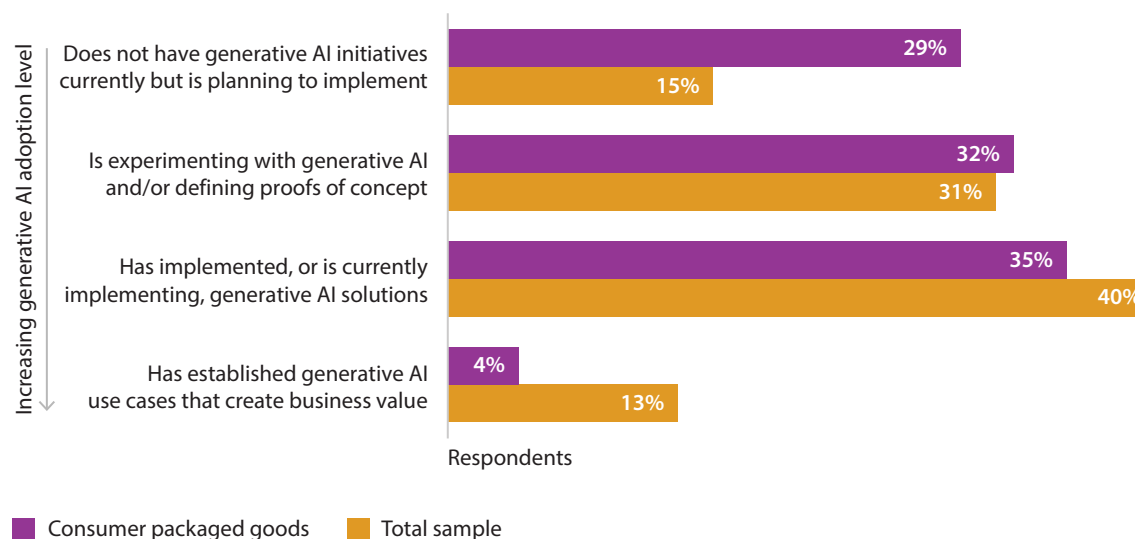| Industry	Growth
Telecommunications	32%
Retail or hospitality	88%
Manufacturing	103%
Logistics or supply chain	73%
Life sciences	36%
Insurance	358%
High tech	135%
Healthcare	53%
Financial services	164%
Energy, mining, or utilities	76%
Consumer packaged goods	65%
Automotive	169%

Generative AI adoption

CPG companies lag in generative AI adoption

Fewer CPG companies have created business value with generative AI — Only 4% of CPG companies have generated business value with generative AI, significantly less than the overall (13%).

Most CPG companies have yet to implement or generate value from generative AI — 61% of CPG companies have either not started any generative AI initiatives or are still in the experimentation stage.

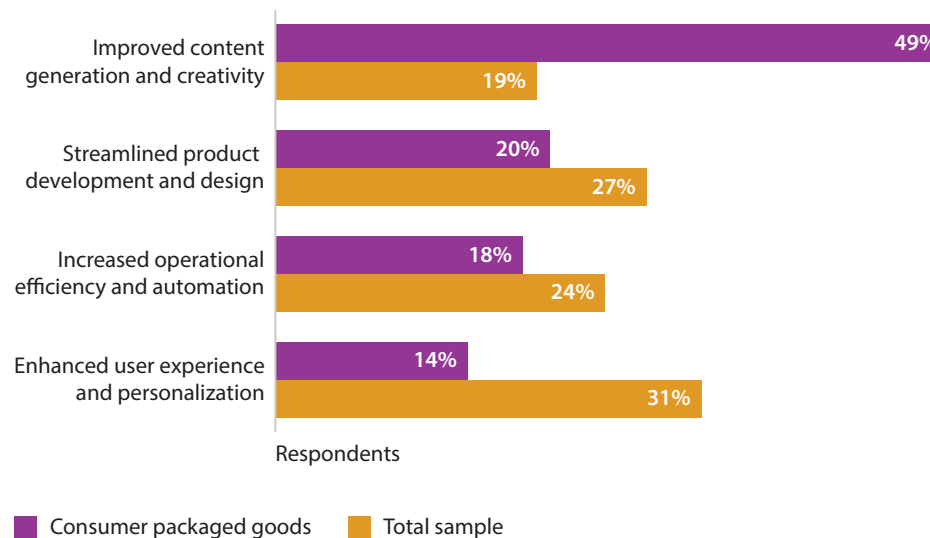### Generative AI adoption by proportion of respondents

Increasing generative AI adoption level

Adoption level	Consumer packaged goods	Total sample
Does not have generative AI initiatives currently but is planning to implement	29%	15%
Is experimenting with generative AI and/or defining proofs of concept	32%	31%
Has implemented, or is currently implementing, generative AI solutions	35%	40%
Has established generative AI use cases that create business value	4%	13%

Respondents

■ Consumer packaged goods   ■ Total sample

| *Note: Percentages do not add up to 100% because of rounding.*

Content generation drives generative AI optimism for CPG companies

CPG companies less enthusiastic about generative AI impact than the overall trend

Improved content generation and creativity capture the CPG industry's attention — CPG companies are significantly less optimistic about generative AI's impact on user experience, automation, and product development, compared to the overall trend.

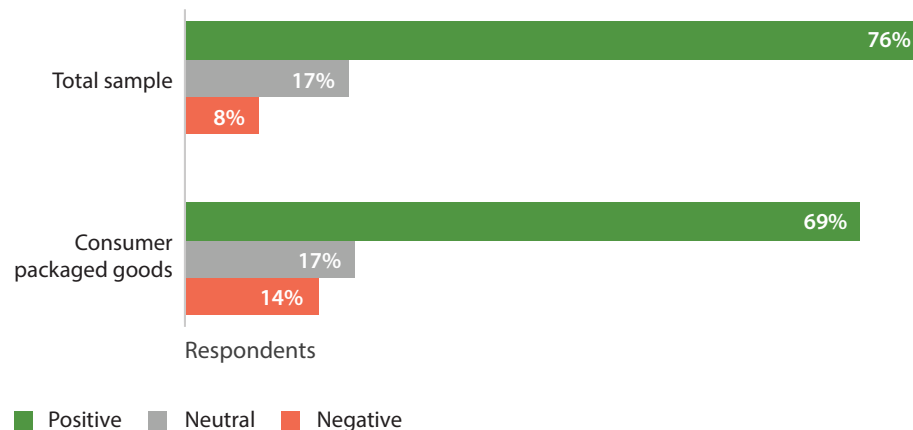Where companies expect generative AI to have the most positive impact

Improved content generation and creativity
- Consumer packaged goods: 49%
- Total sample: 19%

Streamlined product development and design
- Consumer packaged goods: 20%
- Total sample: 27%

Increased operational efficiency and automation
- Consumer packaged goods: 18%
- Total sample: 24%

Enhanced user experience and personalization
- Consumer packaged goods: 14%
- Total sample: 31%

Respondents

■ Consumer packaged goods　■ Total sample

| *Note: Percentages do not add up to 100% because of rounding.*

CPG companies are upbeat about generative AI's impact

However, CPG companies are more negative than the overall trend

While mostly positive, more CPG companies are negative about generative AI's impact — 14% of CPG companies expect generative AI to have a negative impact on business areas, higher than the overall trend (8%).

Expected generative AI impact on business areas by proportion of respondents

Total sample
- Positive: 76%
- Neutral: 17%
- Negative: 8%

Consumer packaged goods
- Positive: 69%
- Neutral: 17%
- Negative: 14%

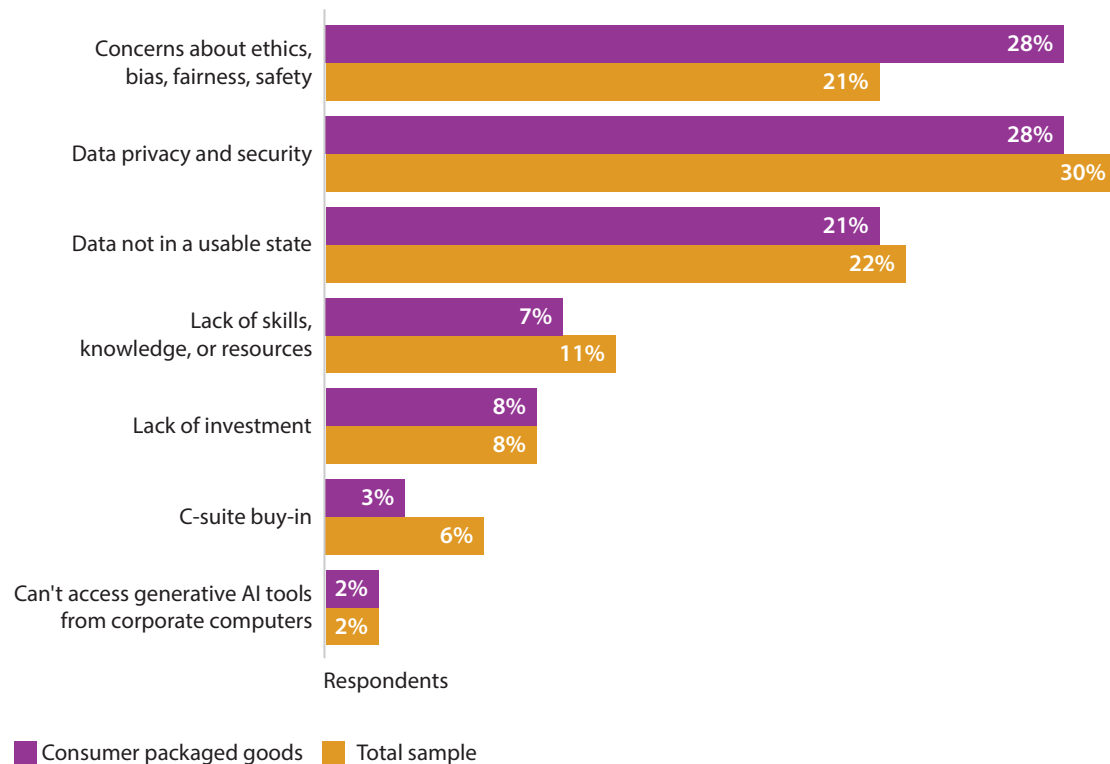Respondents

■ Positive ■ Neutral ■ Negative

Note: We calculated "business impact sentiment" by asking survey respondents to rate their sentiment on generative AI's impact on the following business areas: business model, cost efficiency, profit, reputation, revenue, and talent. Then we combined those answers into one measure.

Obstacles to generative AI adoption

More CPG companies are concerned about ethics and bias than the overall trend

Concerns about ethics, bias, fairness, and data privacy are the biggest obstacles to adoption — CPG companies identify ethics and bias (28%) and data privacy (28%) as their top challenges. These concerns are notably higher in the CPG sector compared to the overall trend.
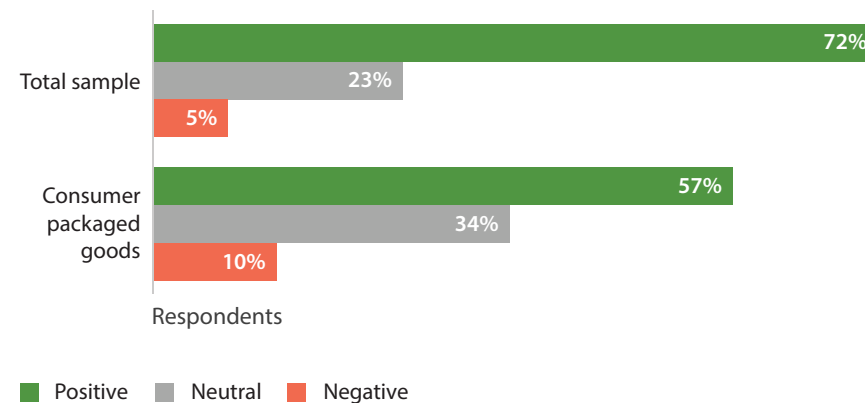
Challenges in implementing generative AI

Challenge	Consumer packaged goods	Total sample
Concerns about ethics, bias, fairness, safety	28%	21%
Data privacy and security	28%	30%
Data not in a usable state	21%	22%
Lack of skills, knowledge, or resources	7%	11%
Lack of investment	8%	8%
C-suite buy-in	3%	6%
Can't access generative AI tools from corporate computers	2%	2%

Respondents

■ Consumer packaged goods   ■ Total sample

Note: Percentages do not add up to 100% because of rounding.

Confidence in managing generative AI systems

Only half of CPG companies are positive about managing and controlling generative AI systems

Fewer CPG companies are confident in managing generative AI than the overall trend — Only 57% of CPG companies are positive about ability to manage generative AI, compared to 72% of the overall trend.

Confidence in ability to manage generative AI by proportion of respondents

Total sample — Positive 72%, Neutral 23%, Negative 5%

Consumer packaged goods — Positive 57%, Neutral 34%, Negative 10%

Respondents

■ Positive   ■ Neutral   ■ Negative

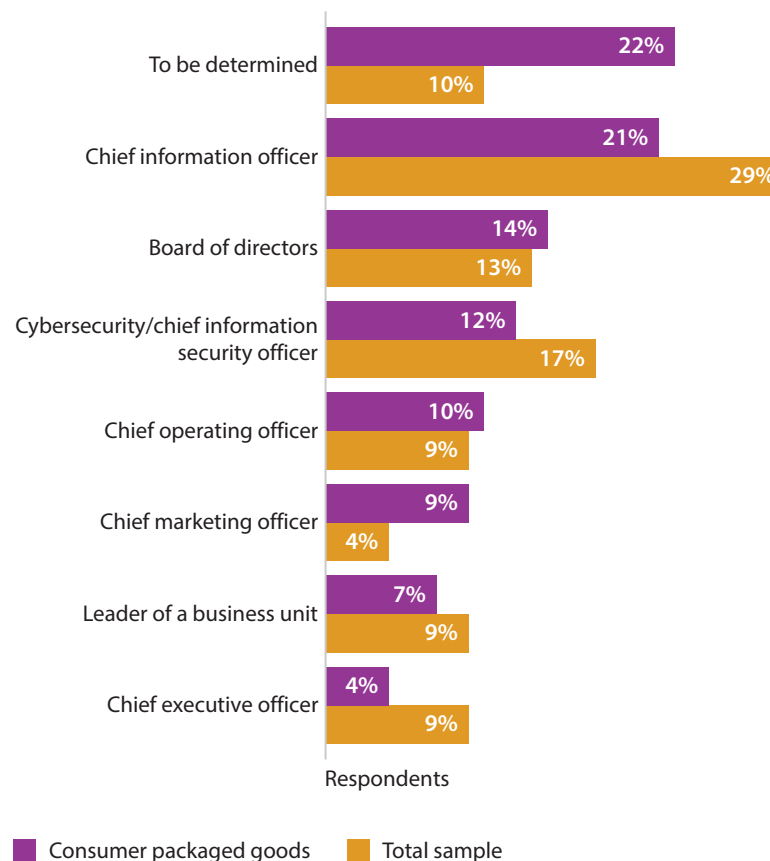*Note: Percentages do not add up to 100% because of rounding.*

Primary sponsor of generative AI initiatives

Generative AI sponsorship is less clear for CPG than the overall trend

More CPG companies have yet to designate a sponsor — 22% of CPG companies report that they are yet to determine sponsors for generative AI initiatives, more than double the overall trend. 21% CPG companies report CIOs as sponsors, less than the overall trend (29%).

CPG CMOs take more lead on sponsorship than the overall trend — Generative AI sponsorship finds more ground with CPG chief marketing officers (CMOs) (9%) compared to the overall trend (4%).

Primary sponsor of generative AI initiatives by proportion of respondents

Sponsor	Consumer packaged goods	Total sample
To be determined	22%	10%
Chief information officer	21%	29%
Board of directors	14%	13%
Cybersecurity/chief information security officer	12%	17%
Chief operating officer	10%	9%
Chief marketing officer	9%	4%
Leader of a business unit	7%	9%
Chief executive officer	4%	9%

Respondents

■ Consumer packaged goods   ■ Total sample

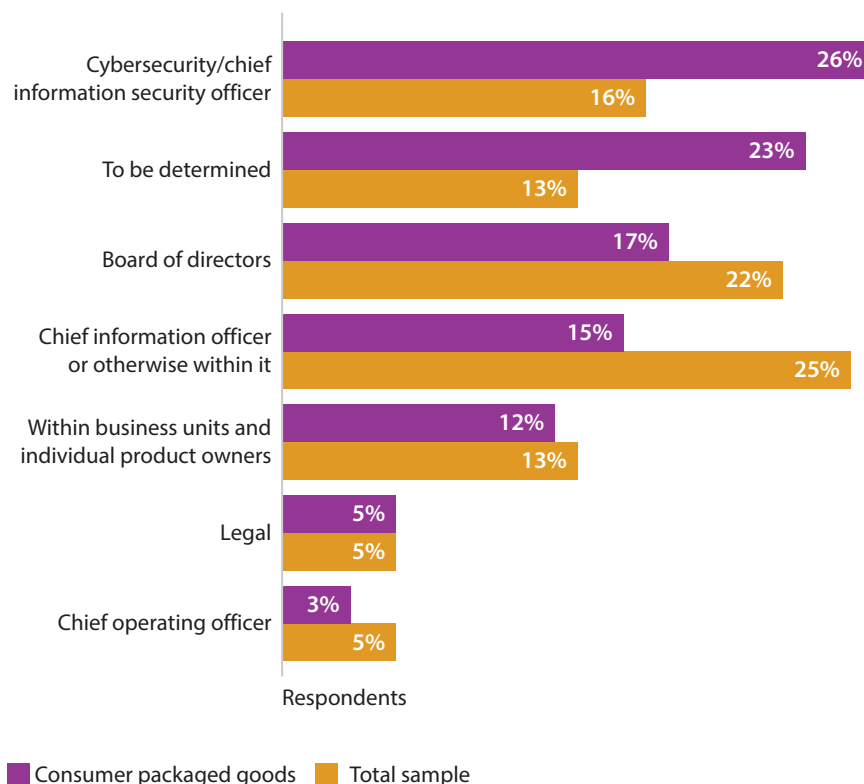*Note: Percentages do not add up to 100% because of rounding.*

Who leads on generative AI?

Chief information security officers are the top policy maker

More CPG CISOs lead on generative AI policy than the overall trend — 26% of CPG companies reported that chief information security officers (CISOs) are responsible for generative AI policy, significantly higher than the overall trend (16%).

CPG CIOs less involved with policy compared with the overall trend — Only 15% of CPG companies reported chief information officers (CIOs) as their generative AI policymaker, less than the overall trend (25%).

Primary generative AI policymaker by proportion of respondents

Policymaker	Consumer packaged goods	Total sample
Cybersecurity/chief information security officer	26%	16%
To be determined	23%	13%
Board of directors	17%	22%
Chief information officer or otherwise within it	15%	25%
Within business units and individual product owners	12%	13%
Legal	5%	5%
Chief operating officer	3%	5%

Respondents

■ Consumer packaged goods   ■ Total sample

Note: Percentages do not add up to 100% because of rounding.

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