



Insights

# 2024 Consumer Innovation Survey Insights

Consumers are Leading the Charge



Conventional wisdom has long held that consumers are slower to embrace innovative ideas than businesses. Our recent Consumer Innovation Survey, however, demonstrates the opposite. Businesses don't need to wait for consumers to catch up. Consumers are leading the charge.

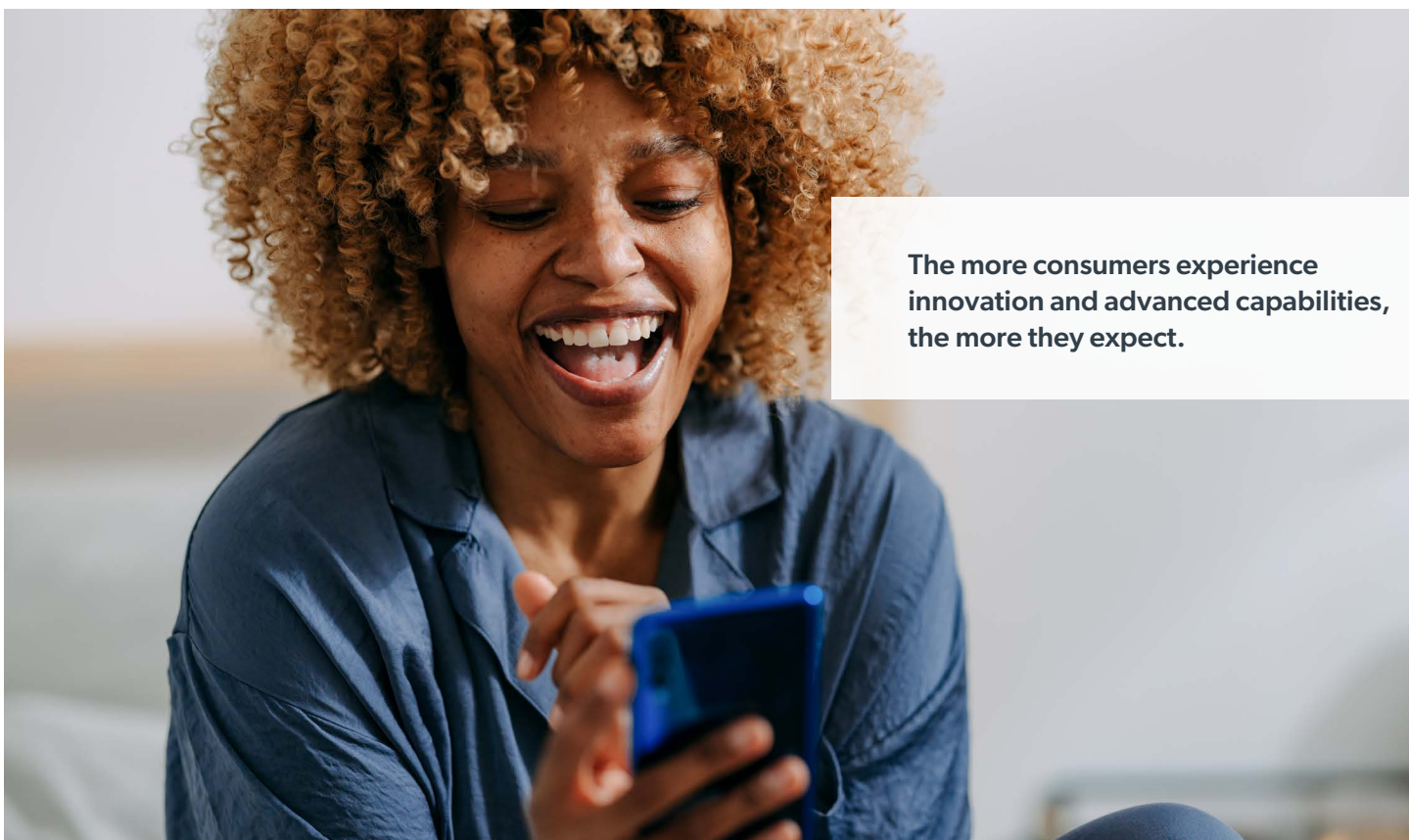
Consumers are showing an ever-increasing appetite for innovations like conversational technology, Artificial Intelligence (AI), digital wallets, virtual reality (VR), and augmented reality (AR). They not only expect these technologies to play a role in their business transactions and online experiences, but to drive meaningful change across industries as varied as healthcare, retail, and finance, as well as education, manufacturing, and energy. They also expect innovative technology regardless of task or experience.

Consumers have effectively raised the bar for all. The more they experience innovation and advanced capabilities, the more of it they expect. "Nice to haves" from years (or even months) past, are now "must haves." Conversational technology, for instance, has become table stakes, and AI

is gaining tremendous momentum, especially with regard to its personalization capabilities.

We've reported on this groundswell over the past few years. Even as data privacy remains top of mind, consumers have increasingly warmed to innovative products and technologies, relying on businesses to establish security guardrails.

As our fourth annual consumer sentiment survey bears out, consumers aren't merely on board, they are at the helm. And innovative organizations — those that adopt emerging technologies to infuse creativity, enhance solutions, and improve experiences for an increasingly sophisticated audience — will earn competitive advantages and coveted brand loyalty.



**The more consumers experience innovation and advanced capabilities, the more they expect.**

# AI is a Household Name

Until recently, AI was a business acronym requiring definition, or at least clarification, when writing to consumers. How quickly times change. Accelerated by technology like ChatGPT and rapidly evolving consumer needs during the pandemic, AI has become so commonplace we no longer feel the need to remind readers what it stands for.

In our July 2023 survey, [Consumer Perspectives on AI: Surprising Findings Challenge Preconceived Notions](#), we found that 53% of consumers were positive about AI. Our latest research reveals that this sentiment is growing, pointing to a clear trend in which most consumers are ready to unlock AI’s full potential, especially when it comes to decision-making. They feel AI can help them make better choices by providing a wealth of data and insights. A clear majority also recognize AI’s ability to effortlessly compare options, enabling consumers to tailor decisions to their unique needs. This presents a golden opportunity for companies to aid consumer decision-making.

## AI’s Impact on Decision-Making

59%

feel AI can help them make better decisions given AI’s role in providing more data and insights

56%

recognize that AI can help them identify the best choices based on individual requirements, emphasizing the need for personalized decision-making support

54%

say AI can help them compare options, indicating a need for assistance in navigating abundant choices



of respondents are more likely to engage with companies that use AI for personalized recommendations



of respondents are less likely to engage with companies that use AI for personalized recommendations

We also found that consumers are readily integrating AI into their everyday lives. The demand for AI-driven experiences is strong; users are enjoying how AI can enhance many daily tasks, such as personal health monitoring and tracking, online shopping, automating personal tasks, financial and investment guidance, and travel arrangements.

AI is clearly impacting consumer-brand relationships too: 36% of respondents are more likely to engage with companies that use AI for personalized recommendations, while only 13% would be less likely to engage. While there are consumers who remain neutral, we see this as yet another opportunity. Going forward, businesses should enhance their brand interactions — not only to meet the needs of consumers who want personalized recommendations, but also to convert the ambivalent segment into engaged advocates.

AI was a big winner in 2023, but it represents only the tip of the iceberg. Opportunities abound for businesses to not only reduce friction, but to seamlessly deliver what customers want — and perhaps, what they didn’t even know they wanted — when they want it. We see this type of advanced personalization as a clear differentiator. Going forward, companies leveraging the power of AI to build brand engagement and affinity and satisfy customer desires in an ever-changing environment will be poised for success, both in terms of profits and consumer loyalty.

# A Clear Win for Digital Products and Innovation

Our survey indicates that consumers favor companies with innovative products and services, but with an important caveat: *Usability is a requirement.*

Today's market demands consumer-centric design, not innovation for the sake of innovation. Consumers are seeking products that blend personalized, AI-driven features with the reliability of fundamental design. Products that balance core functionality with advanced features can meet a wider range of consumer preferences, and edge out the competition.

**The future of product development hinges on creating offerings that are not only technologically advanced but also aligned with the needs of the modern consumer.**

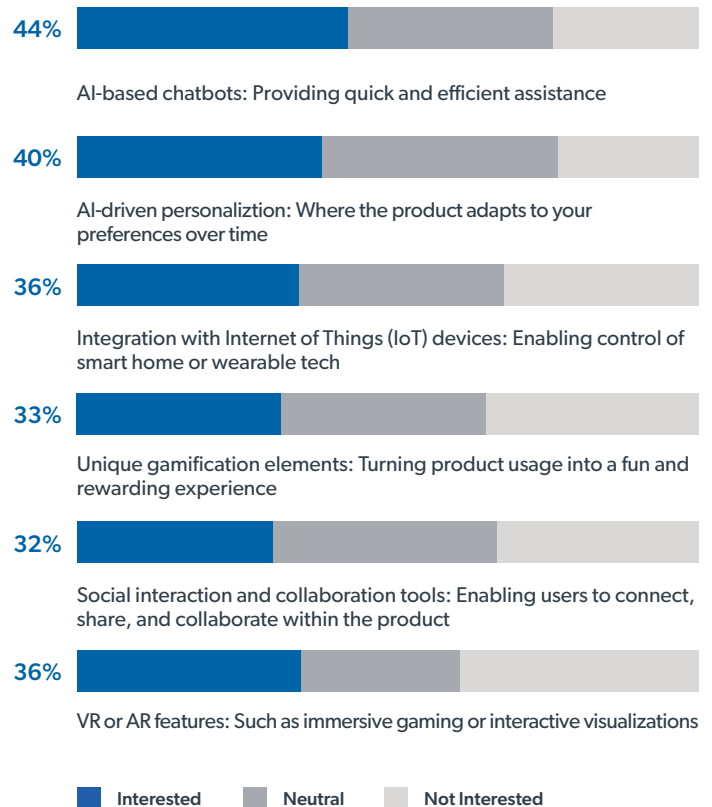
Today's consumers expect innovation to improve personal efficiency and convenience, with a particular focus on time management and productivity, online shopping, healthcare and well-being, and daily tasks.

A desire for innovation in everyday convenience, such as smart home technology, reflects a trend toward integrating technology into daily life for greater ease and comfort. Indeed, about a third of consumers are motivated to use new digital products when there is a seamless connection between the digital and physical store.

In fact, consumers now view digital products and innovation hand in hand. A significant majority (64%) place importance on innovation when selecting digital products, reflecting a strong preference for modern conveniences and advanced features in their technology choices. Most now expect a seamless checkout experiences (43%), for instance, and will prioritize specific digital products such Amazon's fundamental design checkout and Target's "See It In Your Space" AR feature.



## Consumer Interest in Digital Products



Customers are clearly hungry for digital innovation. In addition to AI-based chatbots, and AI-driven personalization, consumers are interested in products that integrate with IoT devices such as smart homes and wearable technology, gamification elements that turn products into a fun and rewarding experiences, products with VR and AR features, and social interaction and collaboration tools. They also value innovative



Consumers have overwhelmingly adopted conversational technology, and expect businesses to provide it.

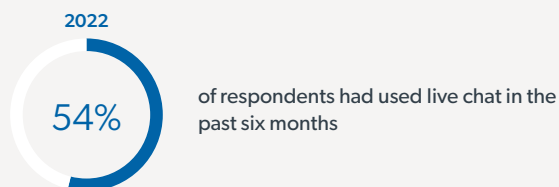
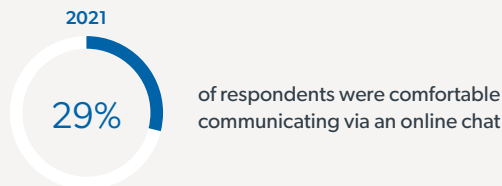
products and services that offer practical benefits like convenience and connectivity (think Prime delivery, Amazon’s Alexa, and Apple’s Siri), and contribute to their personal efficiency and well-being (think mobile banking apps and contactless payments).

## Conversational Technology Is Now Table Stakes

Again this year, we revisited consumer sentiment on what was not too long ago considered a groundbreaking advancement: conversational technology. The new reports are promising, and we encourage companies to overcome the concerns and consternation of years past. Conversational technology has arrived, and consumers have no intention of letting it go.

As consumers increasingly value personalization, efficiency, and round-the-clock accessibility, they demonstrate a growing comfort with conversational technologies like chatbots, live chat, and voice assistants. Enhancements in this field, such as sentiment analysis, ChatGPT, and semantic search, certainly contributed

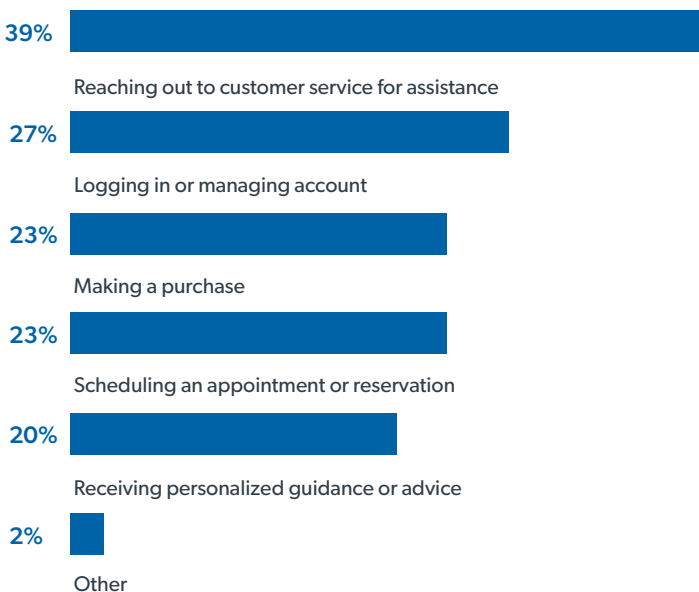
### Conversational Technology Trends



to this phenomenon. Semantic search, for example, focuses on the meaning of search terms, draws links between words or phrases, and interprets queries in a more human way, helping consumers feel heard and elevating their comfort level. But while technology has accelerated familiarity and acceptance, there is no underestimating the role the pandemic played in showing consumers just how much they can carry out online, on their own schedules, in their own ways.

Consider these trends: In 2021, our survey found that only 29% of respondents were comfortable communicating via an online chat. In 2022, 54% of respondents had used live chat in the past six months. In 2023, conversational technology continued gaining ground, with a noteworthy percentage (68%) of respondents reporting usage in the past six months — and an impressive 81% of respondents reported being comfortable with conversational technology and using it across industries.

### Consumer Engagement with Conversational Technology in the Last Six Months



Bottom line for business: Consumers have adopted conversational technology, and expect businesses to provide it. It's now up to you to answer the call.

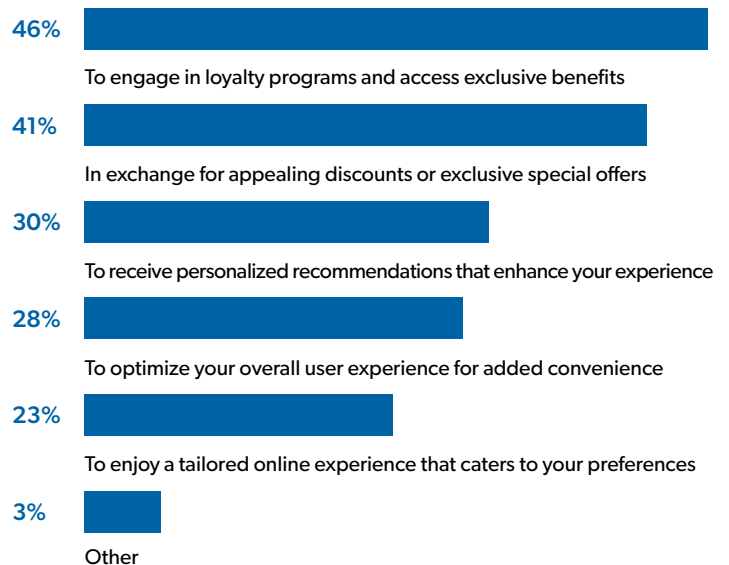
## Data Sharing in Exchange for Benefits

While data governance is — and should be — a central area of focus for businesses, most consumers (54%) are comfortable sharing data if it will solve problems and make their lives better. A sizable percentage are inclined to share personal data in exchange for benefits, proving that consumers increasingly value brand benefits like loyalty programs, appealing discounts, exclusive offers, and personalized recommendations that enhance the experience.

Even as less than a quarter of consumers say they have a clear understanding of the data collected about them, even fewer have concerns about data privacy. Qualms about data being sold or shared, or a general distrust about sharing their data, were also somewhat lower than we expected.

This doesn't indicate that data privacy isn't a serious matter. It is. Indeed, nearly half of consumers are motivated to use new digital products that focus on

### Consumer Willingness to Share Personal Data When Considering Potential Outcomes



enhanced security features. However, we feel consumers are looking to businesses to establish guardrails and monitoring to ensure data safety and security. By responsibly handling data, brands will gain consumers' trust and increase their willingness to make trade-offs to ensure personalized and beneficial experiences.

46%

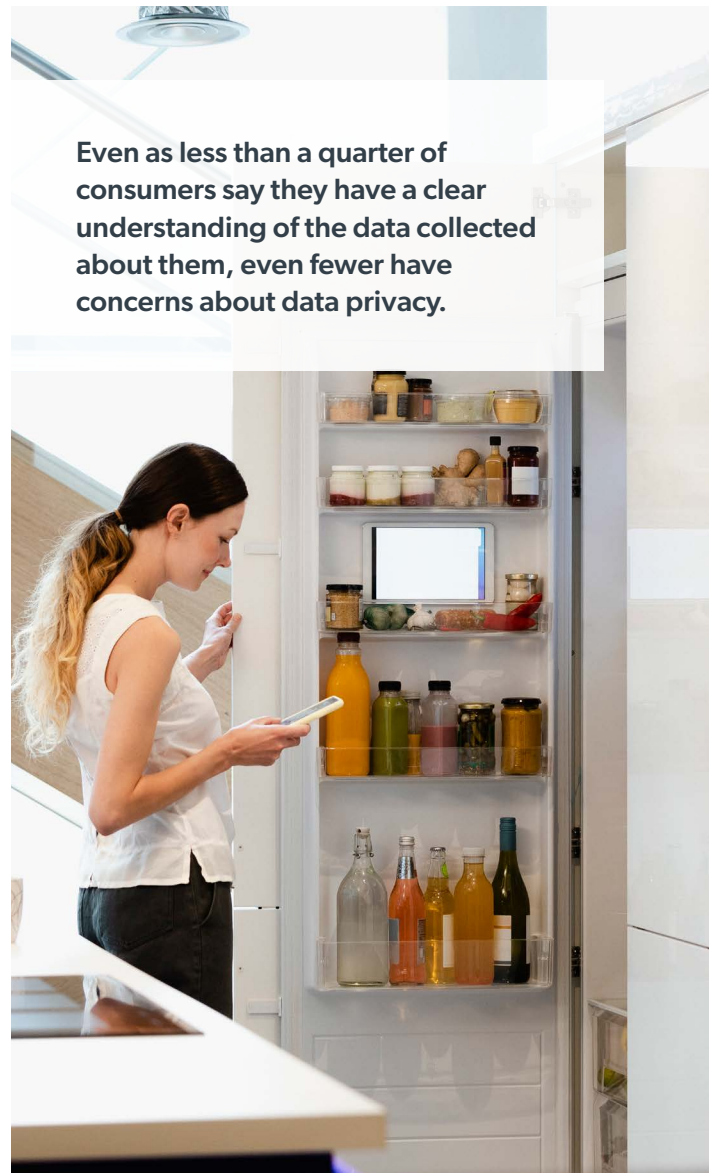
of consumers would be motivated to use a new digital product with enhanced security features

## Start Leading Innovation Today

Modern consumers recognize the value and opportunity of innovative technologies like AI.

They're actively seeking innovative businesses to improve their lives and help them solve problems. They're aware of data concerns and expect businesses to protect them. And they're expecting to be able to engage with businesses at their convenience.

Businesses that understand this and are able to deliver cutting-edge, personalized, and secure experiences with an emphasis on enhancing usability, will not only meet but exceed the heightened expectations of today's evolving consumers.



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Let's do next together.

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