Rapid Response

Efficiency and Creativity in the AI Age

New AI drivers of growth are scaling fast

Updated: April 19th 2024

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Brands seeking growth through efficiency and creativity with AI technologies

Google Cloud Next

Bets on the disruptive potential of AI continue to grow, as Microsoft recently announced a roadmap to invest USD 100bn in AI data centers.

Each of Google's main events this year - io for consumers, Google Marketing Live and last week's Cloud Next business customer event - are built around developments in AI.

At Cloud Next, Google announced new hardware and services to cement its lead in raw computing to build an AI Hypercomputer.
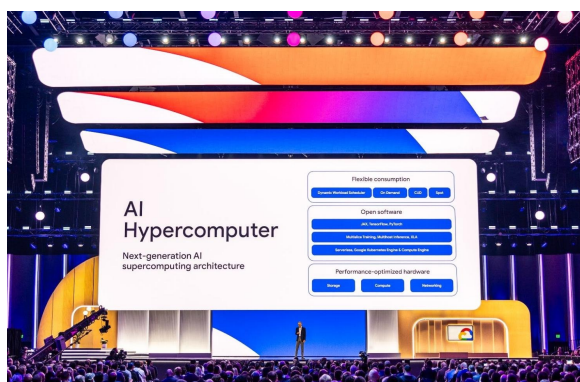
The Vertex AI Model builder enables brands to easily create new services validated via Google search or private databases, using techniques such as Retrieval Augmented Generation, thus enabling many more to create useful consumer-facing services.

Google's new Gemini models are being integrated into a wide range of services, such as Code Assist, a competitor to GitHub co-pilot for developers.

The 1m token context window in Gemini Pro will enable large data files; videos, catalogues or historic sales to be ingested, analyzed and optimized. AI-powered content creation is set to grow as Google Vids enables brands of any size to transform assets into video.

Global brands such as Mercedes-Benz shared their stories of improving customer experiences across multiple touch points from sales support in call centers to in-car services. Whilst Uber has focused on driving employee productivity with gen AI tools.

Consumer AI service trends

The scale of Google's infrastructure means that enterprises of all sizes will quickly be able to access advanced generative AI tools across business functions.

It's not just business services; consumer-facing AI services are growing in scale and sophistication. Chat-GPT, which received an upgrade to GPT4-Turbo this week, remains by some distance the most popular service worldwide with around 1.8bn visits in March 2024 according to SimilarWeb.

It is around 4x more popular than Google Gemini, while Claude 3 is the fastest growing, with a 160% month-on-month growth rate after a new model was launched.

Many other kinds of generative AI consumer services are growing. It is wise to keep a close eye on the list of the top 100 generative AI consumer services published by A16Z to see what new kinds of capabilities are gaining traction with consumers and therefore what new roles brands can play.

Top Gen AI Consumer Web Products: Companies Per Category
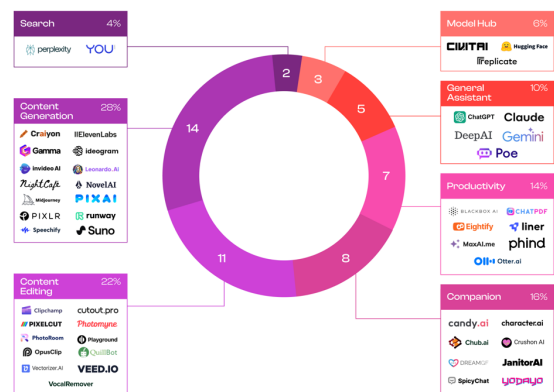
Many of these services do not yet carry advertising, but for them to thrive as they scale, it is likely that advertising and brand partnership revenue will be necessary to maintain a competitive advantage and create a sustainable model.

For example, the AI search engine Perplexity recently announced plans for ad monetization offering brands the opportunity to pay to deliver follow-up questions to queries.

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New modalities of creativity

In 2022 ChatGPT had a pivotal moment for text-based language models just as Sora heralded disruption for video earlier this year.

Audio had lagged, without a breakout technology to capture the public imagination. It was limited to voice synthesis such as OpenAI's Voice engine or restoring old recordings but this week the release of Udio illustrated the potential for AI-created music.

Tools such as Udio and suno.ai can both create full songs with lyrics from a text prompt for example

- A show tune for the movie Dune
- An ode to the decline of linear TV ratings
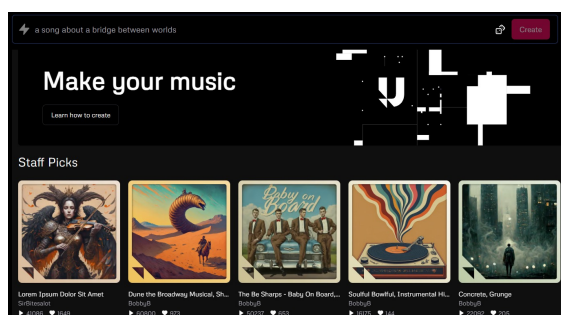
There are obvious implications for the music industry and advertisers, as sourcing original music suddenly becomes far simpler and cheaper.

Platforms are experimenting with AI audio service, as Spotify released the capability this week to create an AI-generated playlist from a text prompt.

There will inevitably be challenges around copyright, intellectual property and the true creativity of these models.

Already, with these first-generation music AI apps, we are seeing success in creating commercial briefs. It means that anyone can create an original track for their ad or content, therefore brands will need to think more creatively to stand out.

We may start to see fine-tuned brand audio models, a modern equivalent of the jingle—code to infinitely adapt audio that still provokes associations with a brand.

Branded Charisma

One of the most popular use cases of Gen AI is the interaction with synthetic characters. On the web character.ai is the third most visited AI service after ChatGPT and Gemini. With an average visit duration of over 13 mins, the time spent is significant and growing.

AI influencers are already competing with human influencers - many of the most popular originate in Brazil, such as Lu do Magalu with almost 25m followers across the major social platforms, whilst lilmiquela makes a reported USD 10m a year from branded content and partnership.

One interesting area of development is in branded characters and charisma. TikTok is exploring the use of synthetic avatars for ad creation meaning brands can get virtual influencers to present copy written by them.

We may see well-known human influencers create virtual versions of themselves to compete with native AIs and drive new income streams, especially since TikTok shut down its billion-dollar creator fund.

In a landscape where high-quality production and precise targeting are both widely available at low-cost, brands will need new approaches and mechanism to stand out yet remain coherent and salient.

Visual, audio and charisma identities will need to be re-thought for the AI age with constant experimentation with new efficiency tools, in safe and secure environments, as the speed of innovation continues to accelerate.

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