



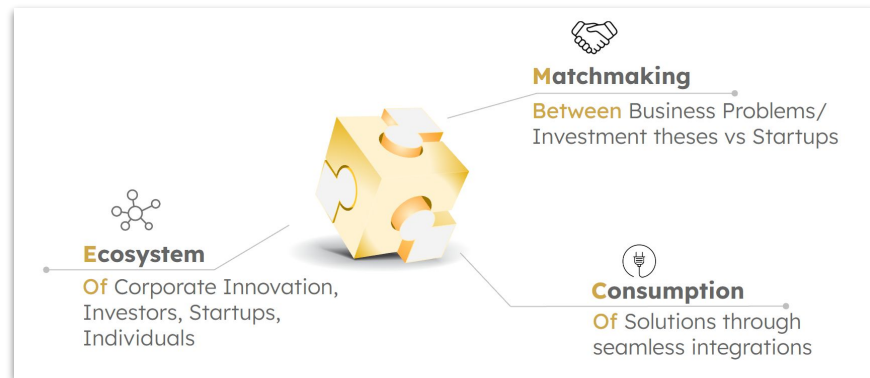
Generative AI for CPG

How CPG companies can harness the power of Generative AI
to Drive Customer Experience and Enhance Revenues?



About OpenI

OpenI is an **End to End platform** to build and manage your Startup Investment and Innovation Sourcing Ecosystem.

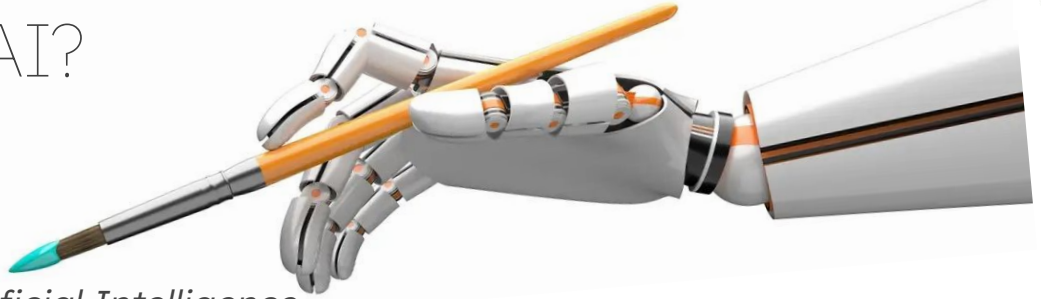


DISCLAIMER

This report intends to inform key decision makers, investors and industry influencers on how innovative and disruptive startups and their digital solutions can solve Business Challenges within their industry and sector. All products, names, logos, brands, and product images are property of their respective owners and used in this report for identification purposes only.

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www.openi.ai*

What is Generative AI?



Generative AI is a subset of Artificial Intelligence.

*It is specifically designed to **generate** data, content, information, including text, images, audio, video. The new content generated is based on patterns and examples from existing data and is capable of producing **creative content** based on user commands.*

The most popular model of Generative AI is Generative Pre-Trained Transformer (GPT). GPT is based on massive text data to generate text based on given inputs. GPT is a type of Large Language Model (LLM), which is a type of AI model designed for natural language processing and can understand and generate human-like texts.

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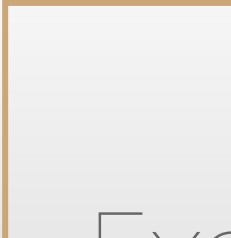


Case Studies (StitchFix, Ai Palette)

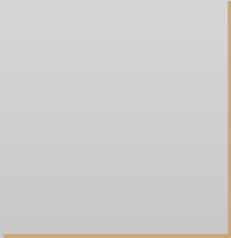
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Key Takeaways



Executive Summary

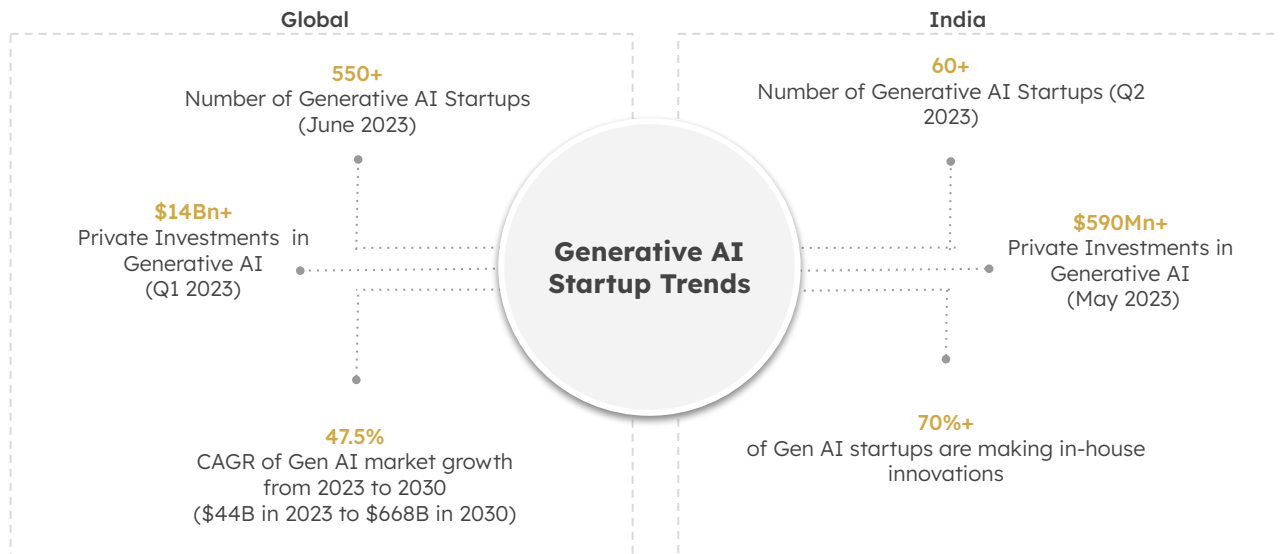




Executive Summary

In this report, we have explored how CPG companies can use Generative AI across functions to enhance revenue generation and create efficiencies.

Industry case studies, in the report, show how CPG companies have applied this technology to accelerate innovation impacting revenues.



Top Generative AI Startups



Open AI

Location: U.S.A
Founded: 2015
Total Funding: \$12B



Cohere

Location: Canada
Founded: 2019
Total Funding: \$435M



Anthropic

Location: U.S.A
Founded: 2021
Total Funding: \$1.6B



A21 Labs

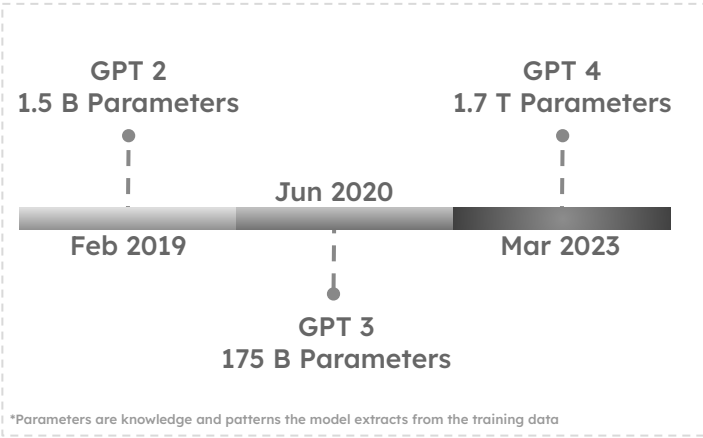
Location: Israel
Founded: 2017
Total Funding: \$283M



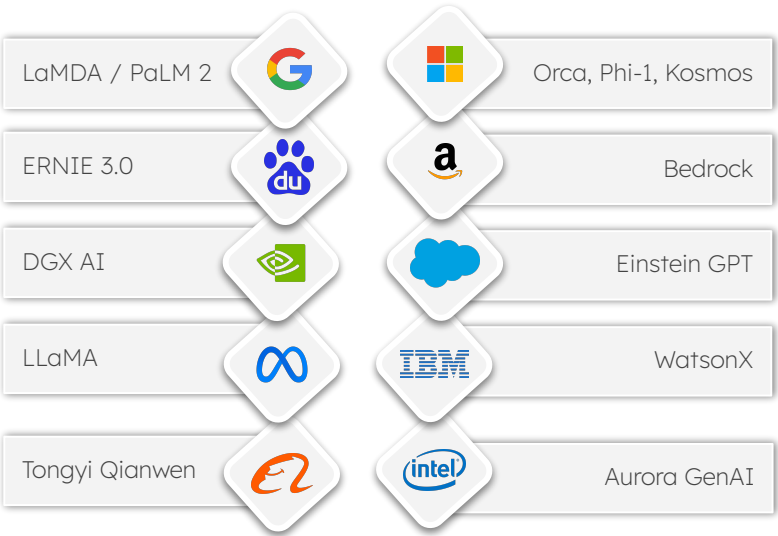
Stability.ai

Location: U.K.
Founded: 2019
Total Funding: \$123.8M

Executive Summary



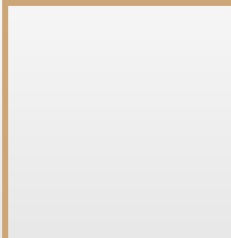
Generative AI Developed by Top Tech Companies



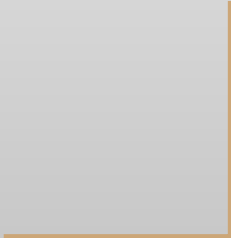
Generative AI could add the equivalent of \$2.6 trillion to \$4.4 trillion productivity benefits annually across CPG (UK's entire GDP in 2021 was \$3.1 trillion)

In Retail and CPG, the potential impact on revenues is at \$400 billion to \$660 billion a year

Generative AI has a potential to automate work activities that absorb 60 to 70 percent of employees' time today



AI vs GenAI





How does ChatGPT-3 differentiates between AI & GenAI?

AI refers to the simulation of human intelligence in machines to perform tasks that typically require human intelligence

DEFINITION

Generative AI specifically refers to AI models designed to generate content, such as images, text, audio, etc.

AI can include both rule-based systems and machine learning algorithms that can be used for tasks like classification, regression, and decision-making

FUNCTIONALITY

Generative AI is used to produce content like text, images, music, etc., often by learning patterns from existing data and then generating similar content

AI applications include chatbots, recommendation systems, self-driving cars, and fraud detection systems

EXAMPLES

Generative AI applications include image synthesis (Generative Adversarial Networks), text generation (language models), and music composition (neural networks)

Traditional AI systems can be rule-based or learned from data using various machine learning algorithms

APPROACH

Generative AI commonly uses neural networks and deep learning techniques to learn and generate complex patterns in data.

AI models can be trained on labeled data, historical data, or programmed rules

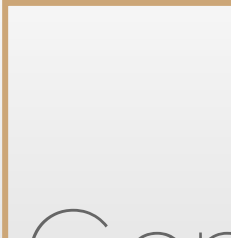
TRAINING DATA

Generative AI is designed to exhibit creative behavior by generating novel and diverse outputs based on its training data

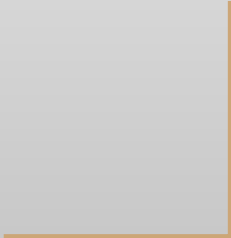
AI has a range of applications across almost all industries. It may not inherently possess creativity; it follows predefined rules or pattern

APPLICATIONS

Generative AI is used in creative fields, content creation, art, design, and in data augmentation & synthesis. It is designed to exhibit creativity by generating novel and diverse outputs



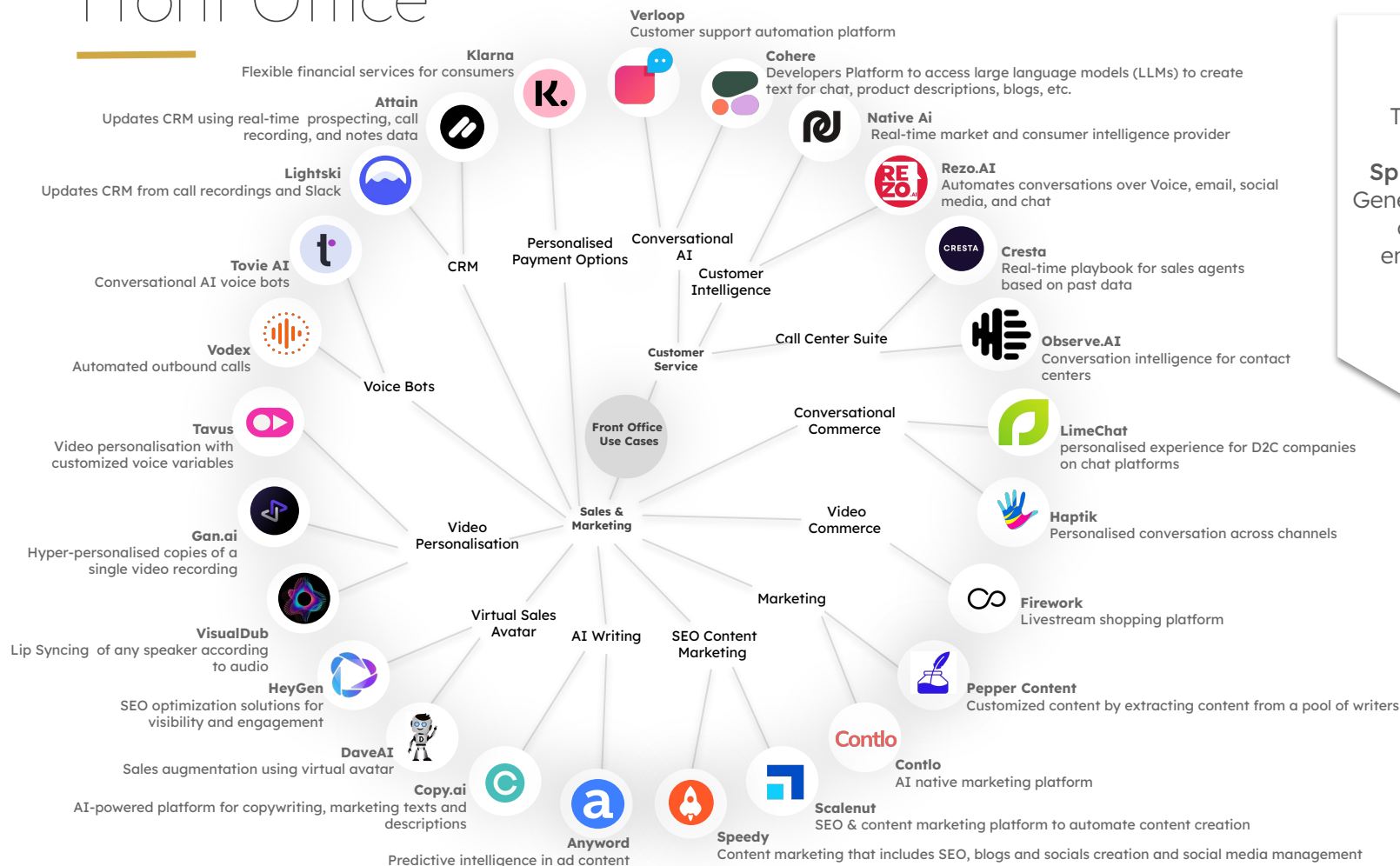
Generative AI Use-cases



Generative AI Use-Cases in CPG

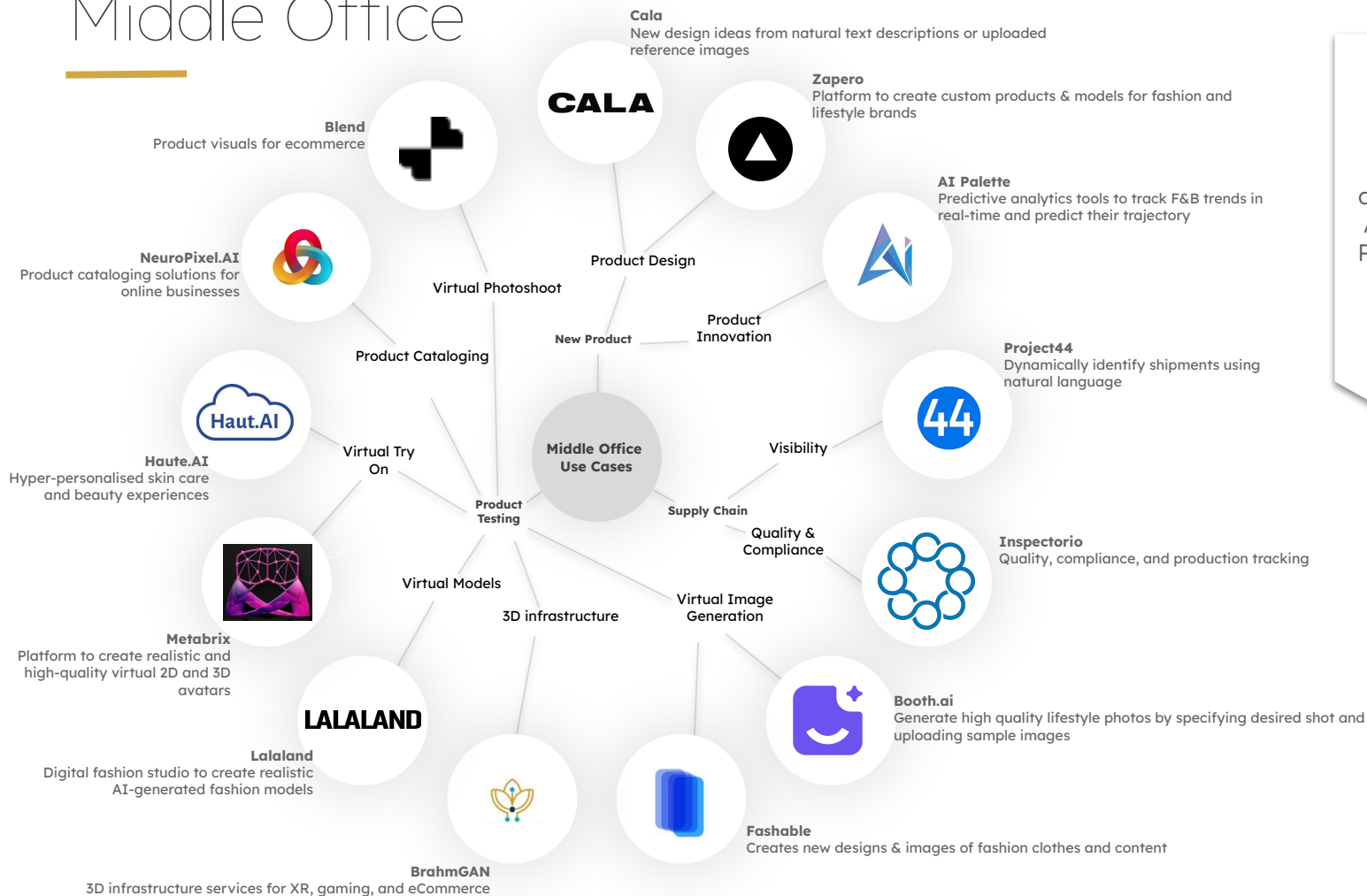


Front Office



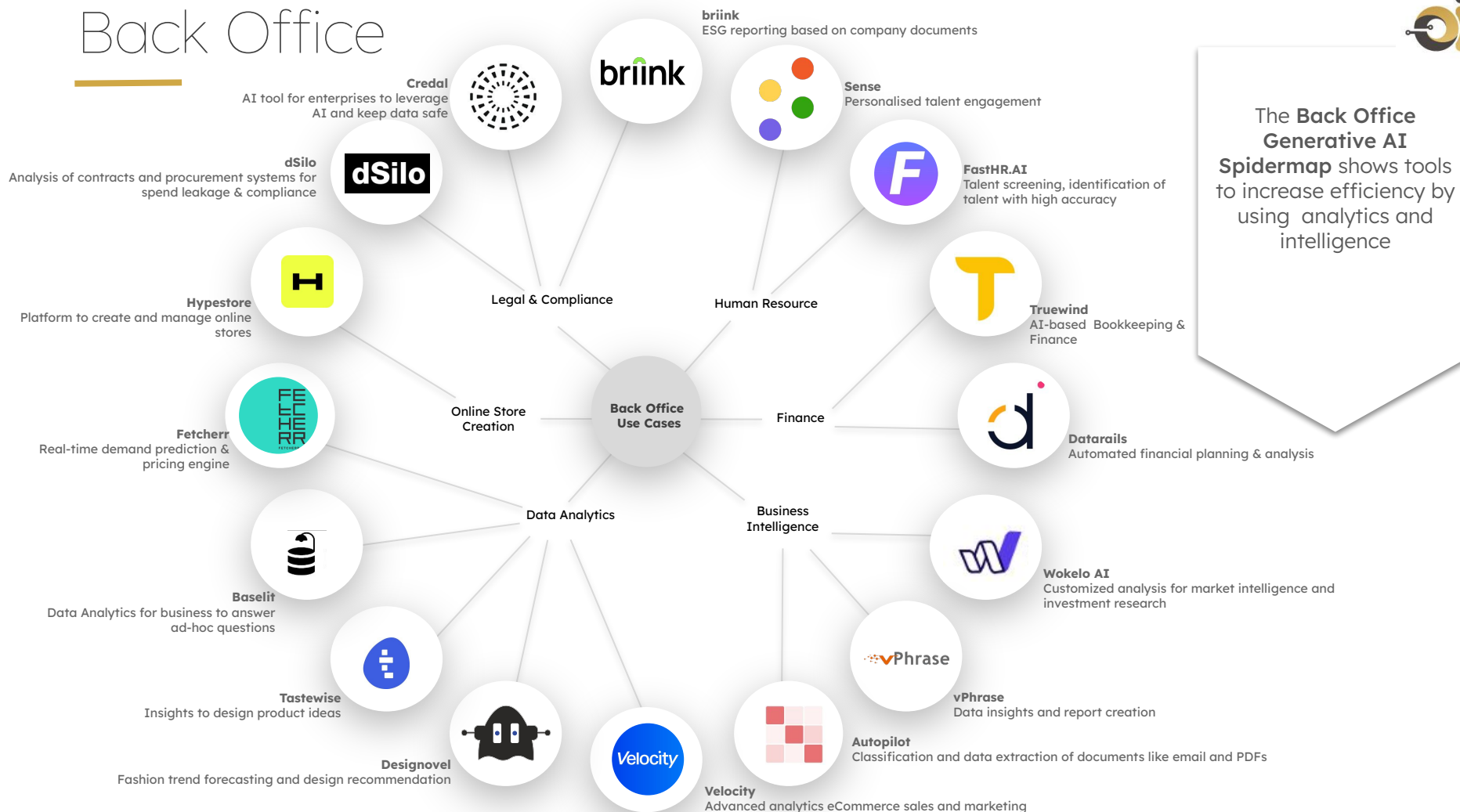
The Front Office
Generative AI
Spidermap explores
Generative AI tools you
can leverage to
enhance customer
experience

Middle Office



The **Middle Office Generative AI Spidermap** shows the areas where Generative AI can accelerate New Product Innovation and improve Supply Chain efficiency

Back Office



The **Back Office Generative AI Spidermap** shows tools to increase efficiency by using analytics and intelligence



CASE STUDY

Stitch Fix uses Generative AI to Personalise Online Shopping Experience



How does Generative AI revolutionise User Experience

Style recommendations using **4.5 billion feedback data points** that clients have shared

Hyper-Personalisation at Scale

Open AI in combination with deep learning recommendation algorithms to **interpret client feedback** and help human stylist with a curated items

Interpret Client Feedback

Speed and quality of recommendations tailored to each client's unique needs

Speed and Quality

Generate styles based on keywords or product attributes for ad campaigns. Planning & creating draft ad campaigns reduced from 2 weeks to **less than a minute**

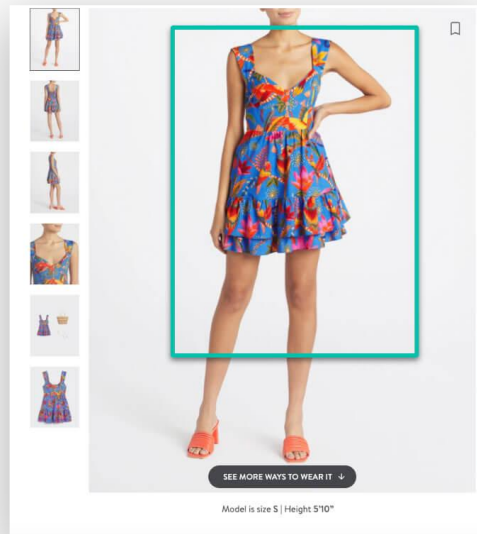
Ad Campaigns

Generate **10,000 informative product descriptions** every 30 minute, each product description reviewed in less than a minute with 77% pass rate

Product Descriptions

Showcase approximately **43 million outfit combinations daily** (13 million new outfit combinations) to clients through various touch points

Large Volume of Content



Product details

Complete your next night-out look with this Farm Rio Macaw Party Blue Mini Dress. Featuring a sleeveless design and a high neck, this dress is a stylish choice for parties, weddings and other social events.

Stitch Fix uses Generative AI to Personalise Online Shopping Experience



Collecting Data from Users (1st party / 0 party data)

1 Style Profile

90 different data points collected while user sign up—
from style → price point → size

2 Feedback at Checkout

85% of all buyers provide feedback while keeping or returning an item. This is rich data, including details on fit and style

3 Gamification for collecting User Data

Consumers can 'thumbs up' or 'thumbs down' to any image Style Shuffle (Game) features on app and website.

More than **75%** of Stitch Fix's **3 million** active consumers have played Style Shuffle. So far this has generated **4 billion** item ratings

HOW IT WORKS

- 1 Choose from 3 daily quizzes & rate the clothing items you like 👍 or 👎 dislike.
- 2 Play each day to earn badges, view new quizzes & discover other surprises!
- 3 We'll share the results with your Stylist, so you can get a great Fix.

STYLE SHUFFLE Would you wear this?



What are the reasons you're excited to try Stitch Fix?

- Having my own stylist
- Browse a curated shop
- Unique pieces
- A fun surprise
- Get seasonal looks
- Inspiration
- Update my wardrobe
- Find my best fit
- Transform my style
- Do my shopping for me

Next



AI-based Recommendation Engine

Generative AI + HUMAN

Step 1

Pairing Model

Predict pair of items that go well together

Step 2

Outfit Assembly

Select a set of items that come together to form a cohesive outfit (based on data collected)

Use 'outfit templates' that provides a guideline of what an outfit consist of

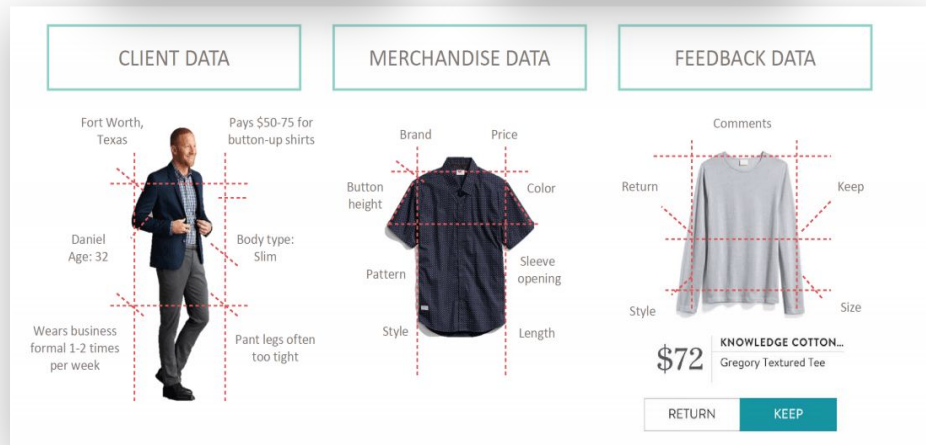
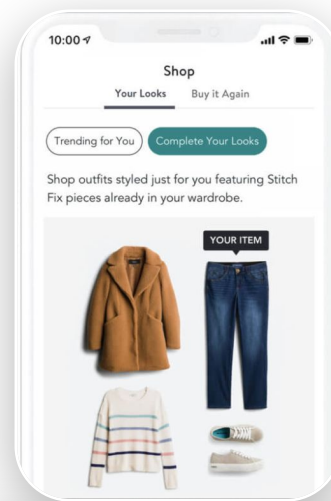
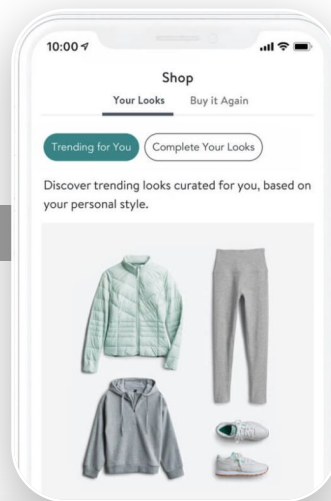
Step 3

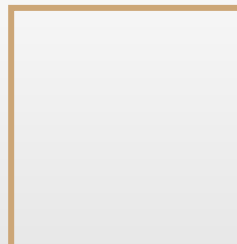
Recommending Outfits

Algorithm develops personalised recommendations

Consumer can then browse and shop these items directly

AI is used to create an initial list of recommendations. Human stylist reduces the list to 5 pieces





CASE STUDY



How did Generative AI enable Kellogg's Repositioning during Pandemic?



Ai Palette is an end-to-end product innovation platform to discover trends in real time, and predict their trajectory, generate concepts, and screen ideas

- 61 billion data points analyzed to-date
- 24 countries
- 18 languages
- F&B and CPG Language Analysis
- Social media search
- Menus & recipes - home & on premise
- Product Reviews

CHALLENGE

Kellogg's consumption occasion disappeared during the pandemic as more people started cooking

- Understand consumer behaviour in real-time
- Find new avenues of growth

SOLUTION

Ai Palette did consumer insight research across 4 countries - Malaysia, Philippines, Singapore and Thailand and 4 languages - Bahasa Melayu, Thai, Tagalog and English

- Analysed 485 million data points across search, social media, recipe sites and forums
- 50 trending recipes in each country, prioritising those that incorporated cereal
- Identified meal occasions and cereal recipes

IMPACT

- Kellogg's discovered innovative way to position
- Developed recipes with cereals for meal times and snacks
- Running campaigns on this new strategy "saw a 2x increase in search" indicating "higher intent for the brand" resulting in incremental sales "growth through higher product adoption"

What does Ai Palette do?

1

Foresight Engine

Predictive Analytics to provide comprehensive understanding of product, ingredient, macro trend maturity, consumer drivers, and a 6-month prediction of their growth trajectory

2

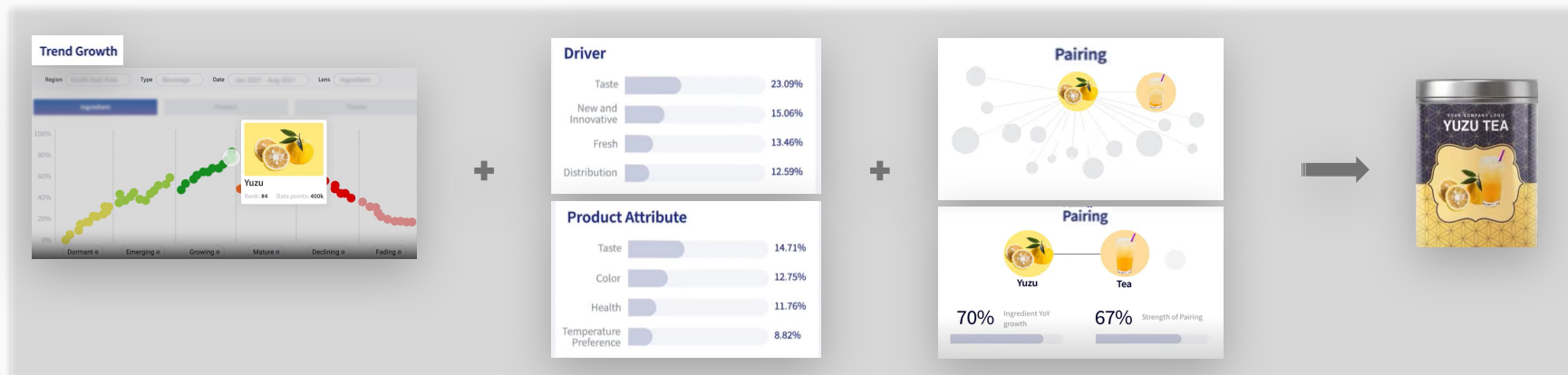
New Product Concepts

Generative AI to generate product concepts based on prompts provided by the user

3

New Concept Screening

*Test market viability
Analyses consumer reception to product ideas based on category trends, consumer needs and products in the market*





Key Takeaways



Key Takeaways

Hype vs Reality

With exponential growth of Generative AI capabilities, clearly define and focus on specific areas where Generative AI can give you a competitive advantage

Data

The quality, volume, and integrity of the data is the critical ingredient for the successful applications of Generative AI. Ensure the data sources are reliable and ethical

Build an Innovation Ecosystem

“Ecosystem as a Strategy” allows you to keep an eye on emerging players who you can **Partner** with, **Source** from, and **Invest** in to drive revenue growth and operations optimisation



We can enable your journey in this rapidly changing disruptive economy. OpenI Platform highlights:

- Next disruptor you must know about
- How your competitors are engaging with these disruptors/ innovators
- Startup ecosystem to drive your growth

Navigate with confidence

BUSINESS GROWTH
Identify high potential, startup investment opportunities

STRATEGY & INNOVATION
Source new business models, spot future competitors

MARKETING
Drive sales and customer engagement (D2C)

BUSINESS OPERATIONS
Optimize business operations

PARTNER MANAGEMENT
Procure and manage next-gen disruptors

ASK OUR ANALYSTS

White Space Analysis (Spidermap)

Ecosystem as a Strategy

Managed Sourcing

Corporate Venture

Competitive Analysis

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