

OCTOBER 2024

GROWING UP: NAVIGATING GEN AI'S EARLY YEARS

Executive Summary

Study Leaders & Authors



Jeremy Korst

PARTNER,
GBK COLLECTIVE

Jeremy is a former CMO and product management executive with leading brands including Microsoft, T-Mobile, and Avalara – with a proven track record of driving profitable growth using innovative product and go-to-market approaches.

Jeremy is also active in the early-stage ecosystem, serving as an advisor to a diverse portfolio including Mint Mobile (acquired by T-Mobile) and Oleria (Salesforce backed enterprise security startup). Jeremy has served on Intel's Communications Advisory Board, the IT Services Marketing Association Board of Directors, the CTIA workgroup on Emerging Device. He received his MBA from the Wharton School and now serves on its executive board. His works have been featured in a variety of outlets, including Harvard Business Review, Fast Company, Entrepreneur, Martech and Forbes.



Stefano Puntoni, PhD

FACULTY CO-DIRECTOR,
AI AT WHARTON

Stefano is the Sebastian S. Kresge Professor of Marketing at The Wharton School and Faculty Co-Director of AI at Wharton. Prior to joining the University of Pennsylvania, Stefano was a professor of marketing and head of department at the Rotterdam School of Management, Erasmus University, in the Netherlands. He holds a PhD in marketing from London Business School and a degree in Statistics and Economics from the University of Padova, in his native Italy.

Most of his ongoing research investigates how new technology is changing consumption and society. He is a former MSI Young Scholar and MSI Scholar, and the winner of several grants and awards. He is currently an Associate Editor at the Journal of Consumer Research and at the Journal of Marketing. Stefano teaches in the areas of marketing strategy, new technologies, brand management, and decision making.



Mary Purk

EXECUTIVE DIRECTOR,
AI AT WHARTON

As Executive Director of AI at Wharton, Mary leads the AI academic research center that focuses on how AI tools can be utilized to solve business problems, customer journeys, and discover the human impact of AI and smart technologies for consumers, firms, and society.

She and the AIW team leverage the resources of the Wharton School to be seen as a world leader in the study of the business and societal impacts of advances in AI and technology to keep the world informed of any new research, teaching, or outreach related to AI, new technologies, and/or its impacts to expand Wharton's footprint in the AI/technology domain. She connects students, academics, and professionals across multiple industries to solve complex, real-world business challenges using machine learning, AI, and big data.

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Context

It is the intent of AI at Wharton to annually produce an outlook on AI Industry adoption. GBK Collective led the inaugural study in 2023 alongside Wharton Professor Stefano Puntoni. This year's study was sponsored by **AI at Wharton**, part of the **Wharton AI and Analytics Initiative** at The Wharton School, University of Pennsylvania; GBK Collective performed research and analysis.



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EXECUTIVE SUMMARY

| Abstract

In 2024, Generative AI (Gen AI) entered a new phase, as companies moved beyond initial hype and amazement towards a focus on proving ROI and understanding its performance. Trial of Gen AI surged this year, with 72% of decision-makers reporting uses of Gen AI once a week, compared to 37% in 2023. Increases are pronounced in the functional areas that lagged last year, including Marketing, Operations, and HR. Greater experimentation has shifted sentiment, with more decision-makers feeling “pleased,” “excited,” and “optimistic,” and less “amazed,” “curious,” and “skeptical.” Negative perceptions are also softening slightly, as decision-makers see more promise in Gen AI’s ability to enhance jobs without replacing employees.

Still, companies today are confronted with unanswered questions on what Gen AI can do for them. There is agreement that Gen AI performs well on such tasks as data analysis, idea generation/brainstorming, and legal contract generation, but it is yet to be perceived as “highly impactful” across most functions. The top concerns cited by leaders continue to be accuracy or bias, data privacy, team integration, and ethical issues (though intensity of these barriers has slightly softened from last year).

Looking to the future, Gen AI adoption will enter its next chapter which is likely to be volatile in terms of investment and carry greater privacy and usage restrictions. Enthusiasm projected by new Chief AI Officer (CAIO) role additions and team expansions this year will be tempered by the reality of finding “accountable” ROI. While approximately three out of four industry respondents plan to increase Gen AI budgets next year, the majority expect growth to slow over the longer term, signaling a shift in focus towards making the most effective internal investments and building organizational structures to support sustainable Gen AI implementation. The key to successful adoption of Gen AI will be proper use cases that can scale, and measurable ROI as well as organization structures and cultures that can adapt to the new technology.

Study Objectives and Methodology

Spurred by the release of ChatGPT, Gen AI has generated a great deal of buzz and press over the past couple of years. While Gen AI has captured the public's fascination, it has also raised debate around its potential impact on commercial enterprises, the makeup of the talent economy, and the future of jobs.

Objectives

- Take a pulse on where enterprises are on their adoption of Gen AI, build on adoption survey results in 2023
- Assess how Gen AI is, or is expected to be, used overall and within department areas
- Pinpoint the impact that Gen AI has had, and will have, on employees
- Understand key investments and influencers during Gen AI rollout
- Uncover which brands are perceived as leading the way with Gen AI in the enterprise

Method

- 15-minute online quantitative tracking survey
- United States, with a mix of respondents across regions
- Total number of respondents: 802
- Interviews conducted between July 5 and July 15, 2024

Audience criteria

- Age 18+
- Enterprise commercial organization (1000+ employees)
- Company based in the US
- Employment requirements:
 - Be a full-time employee
 - Work for a commercial organization (private sector)
 - Roles: Senior Decision Maker in one of the following departments: HR, IT/Business Intelligence, Legal, Marketing/Sales, Operations, Product/Engineering, Purchasing/Procurement, Finance/Accounting, or General Management
 - Not work in Market Research or Advertising sectors

Gen AI gains momentum as enterprises increase experimentation and invest in proofs of concept in 2024.

As newness and amazement temper and more companies adopt Gen AI, the dialog has shifted to experimentation and proving ROI.

2023: Trial

- 37% reported using Gen AI at least once a week.
- Gen AI spending was predicted to increase 25%.
- Gen AI users were Optimistic, Excited, and many are Impressed but Cautious. Non-Users were mostly Curious and Cautious.
- There was strong optimism for Gen AI adoption: 78% average likelihood of integrating Gen AI across business functions, with top use cases in Data Analysis, Content Creation, and Research & Insights.

2024: Experimentation

- 72% report using Gen AI at least once a week.
- Gen AI spending increased by 130% since 2023.
- After 12 months of increased experimentation and usage, Gen AI users are Pleased and Excited, and less Amazed and Curious, along with negative perceptions softening.
- On average, 55% currently use Gen AI across business functions. Of those, 58% rated the performance of these use cases as 'Great'. Users may focus their adoption based on successful trial outcomes.

2025+: Adoption & Deployment

- 72% say Gen AI budgets will increase in the next year, most over \$5 million.
- However, a majority (57%) anticipate spending increases to slow (+1 - 10%).
- Slowing growth is perhaps an indicator that enterprises are still searching for the ROI on their initial investment.
- Future focus may be on the right internal investments and organization structures to support Gen AI.

Key Takeaway

“Our productivity has certainly increased since we started using [Gen AI]. I'm amazed by its power; AI is changing not only my company, it's already changing the world.”

– Tech/Telecom Leader, \$1B - \$2B Annual Revenue

Gen AI adoption has surged, nearly doubling across functional areas in one year.

Gen AI is Widely Used Across Multiple Areas

How/For What Purposes Gen AI is Currently Being Used (Among Total Respondents)



The top uses for Gen AI include document and proposal writing/editing, data analysis, and document/meeting summarization.

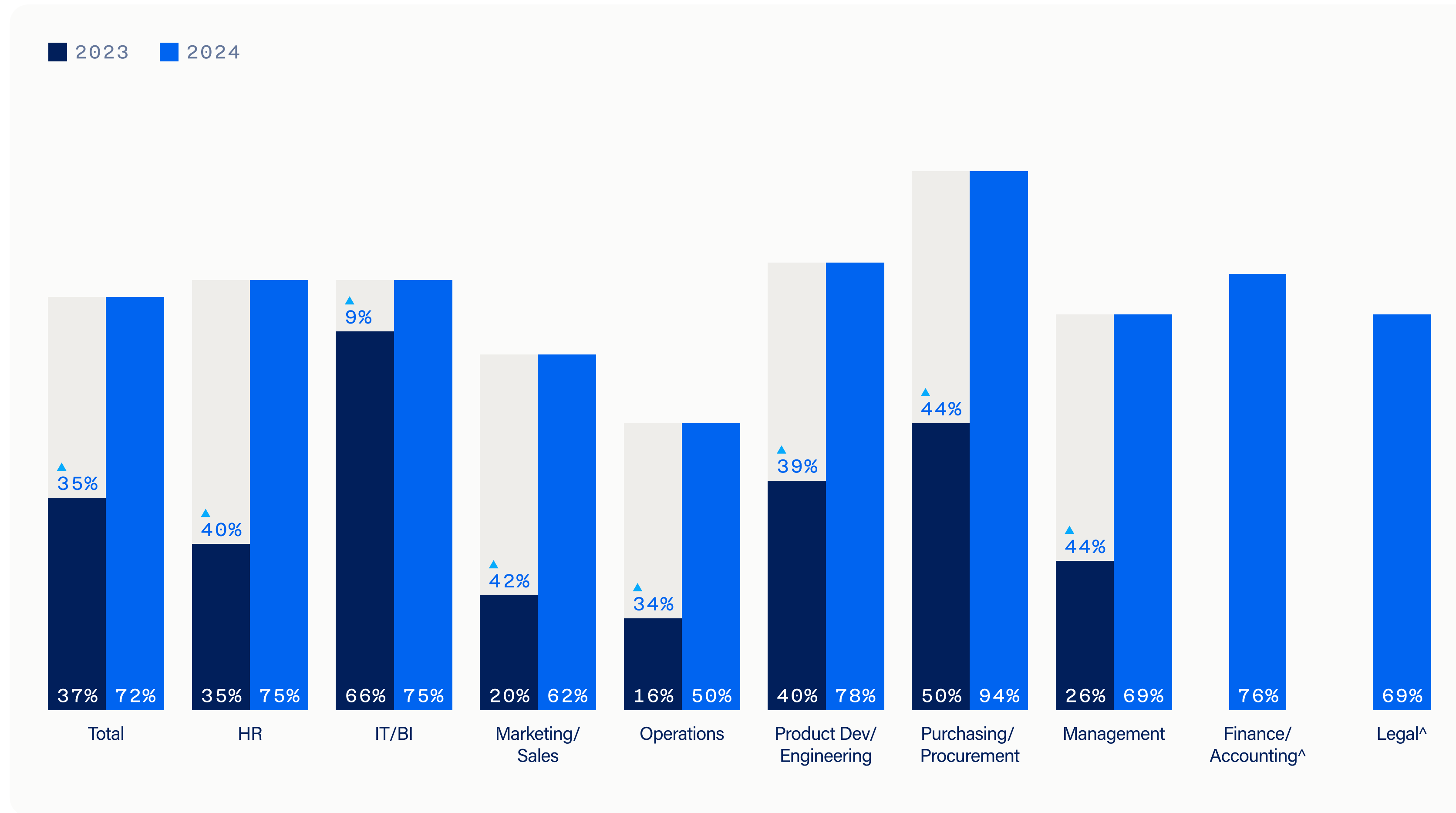
“The biggest impact of Gen AI will be to augment my capabilities. [It will] automate routine tasks and provide 24/7 support to our customers, freeing me up to focus on [customer] empathy and more complex problem-solving.”

- Banking Leader, \$100M - \$250M Annual Revenue

See Executive Summary End Notes for survey question and base sizes.

Growing Up: Navigating Gen AI's Early Years." AI at Wharton in collaboration with GBK Collective, October 2024.

Usage in the Workplace: Using Gen AI at Least Once a Week



More and more companies are using Gen AI and adoption is now ubiquitous across functions, even the laggard areas of Marketing, Operations, and HR.

"In our marketing department, Gen AI has the biggest impact on creating content and strategy."

- Leader in Retail, \$250M - \$1B Annual Revenue

"[Gen AI] can analyze data, write memos, and make recommendations. It will automate many functions of HR [employees]... and may replace searching, sorting through, interviewing, and even recommending candidates."

- Leader in HR, \$50M - \$100M Annual Revenue

^Functional areas added to 2024 Survey. See Executive Summary End Notes for survey question and base sizes.

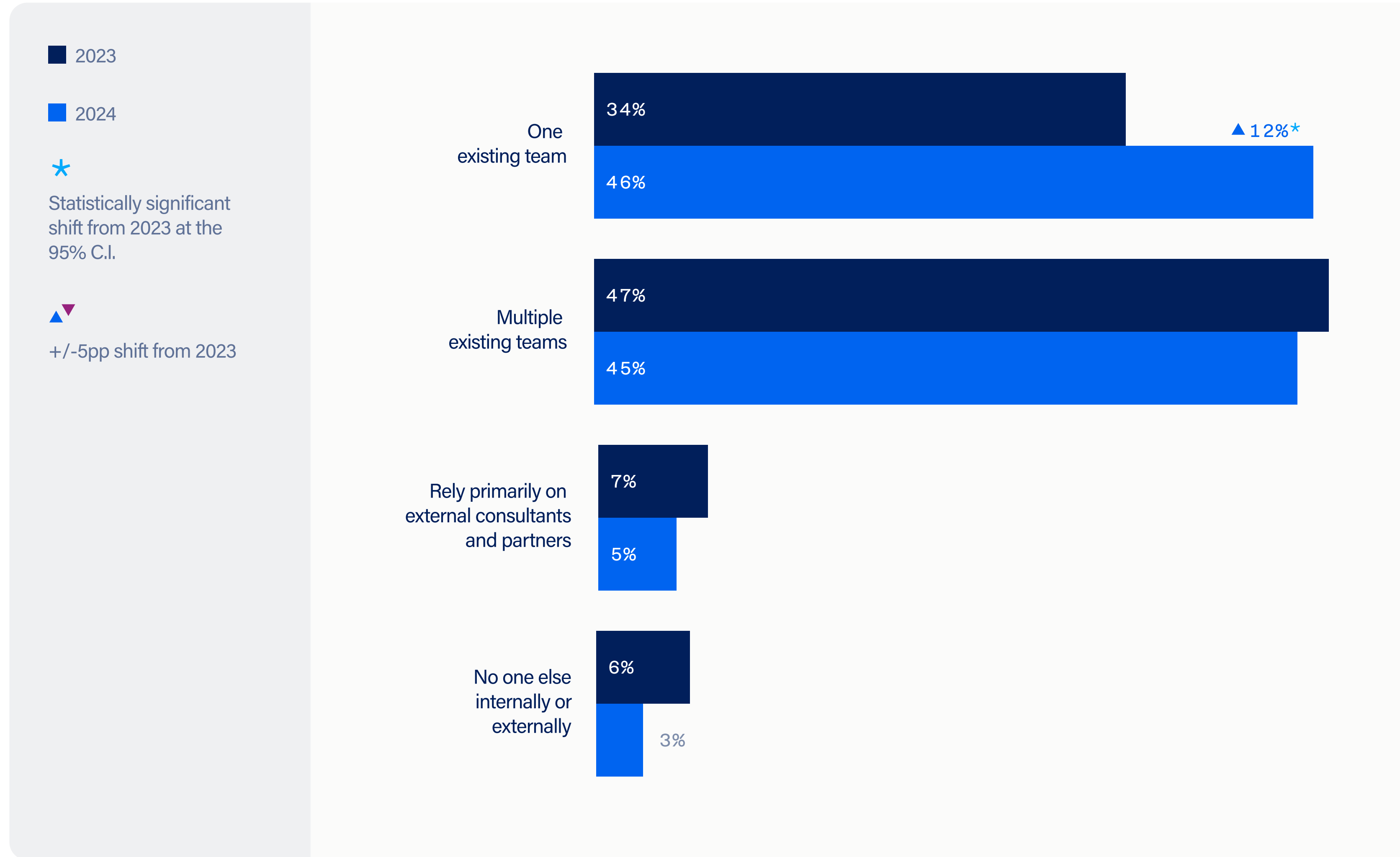
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Audiences with notably frequent usage of Gen AI are:

- **Smaller companies** (revenue \$50M to \$250M): **80%**
- **Mid-sized companies** (revenue \$250M to \$2B): **78%**
- **Younger individuals** (ages 18-34): **80%**

Companies are adapting by expanding teams and adding Chief AI Officer (CAIO) roles.

Gen AI Strategy is Led Internally—Not by Consultants



Gen AI strategy responsibilities are being kept in-house across different sized teams.

See Executive Summary End Notes for survey question and base sizes.

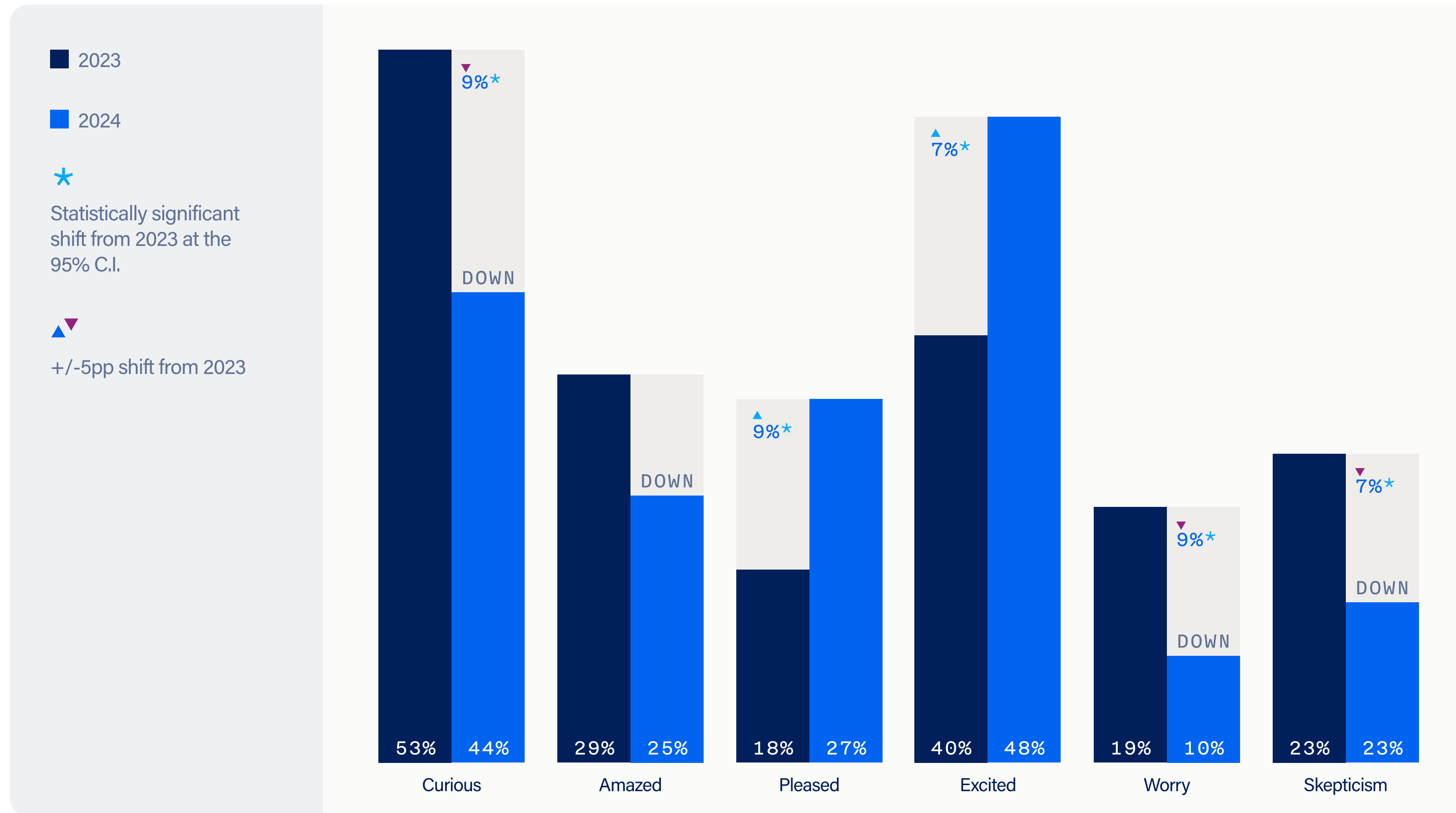
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Chief AI Officers (CAIO) are now in 21% of companies:

- **Large companies** (revenue \$2B+): 16%
- **Mid-sized companies** (revenue \$250M to \$2B): 21%
- **Small companies** (revenue \$50M to \$250M): 23%

Views of Gen AI have evolved since 2023, with greater acceptance that Gen AI will lead to greater productivity.

Business Leaders' Excitement Around Generative AI Grows in 2024, While Concerns Decrease



"Amazement" and "Curiosity" about Gen AI have decreased since 2023, and more people indicate being "Pleased" and "Excited" about it. Negative perceptions are softening slightly, as decision-makers see more promise in Gen AI's ability to enhance jobs (without replacing employees).

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Leaders View Gen AI as Positively Impacting Employee Skills

2023

80%

Enhance employees' skills in some tasks

75%

Replace employees' skills in some tasks

2024

90%

Enhance employees' skills in some tasks

72%

Replace employees' skills in some tasks

Compared to last year, decision-makers see more promise in Gen AI's ability (**up a statistically significant 10%**) to enhance jobs without replacing them.

“AI will not replace people for certain jobs, but rather enhance employee output... eliminate human error, and improve overall quality.”

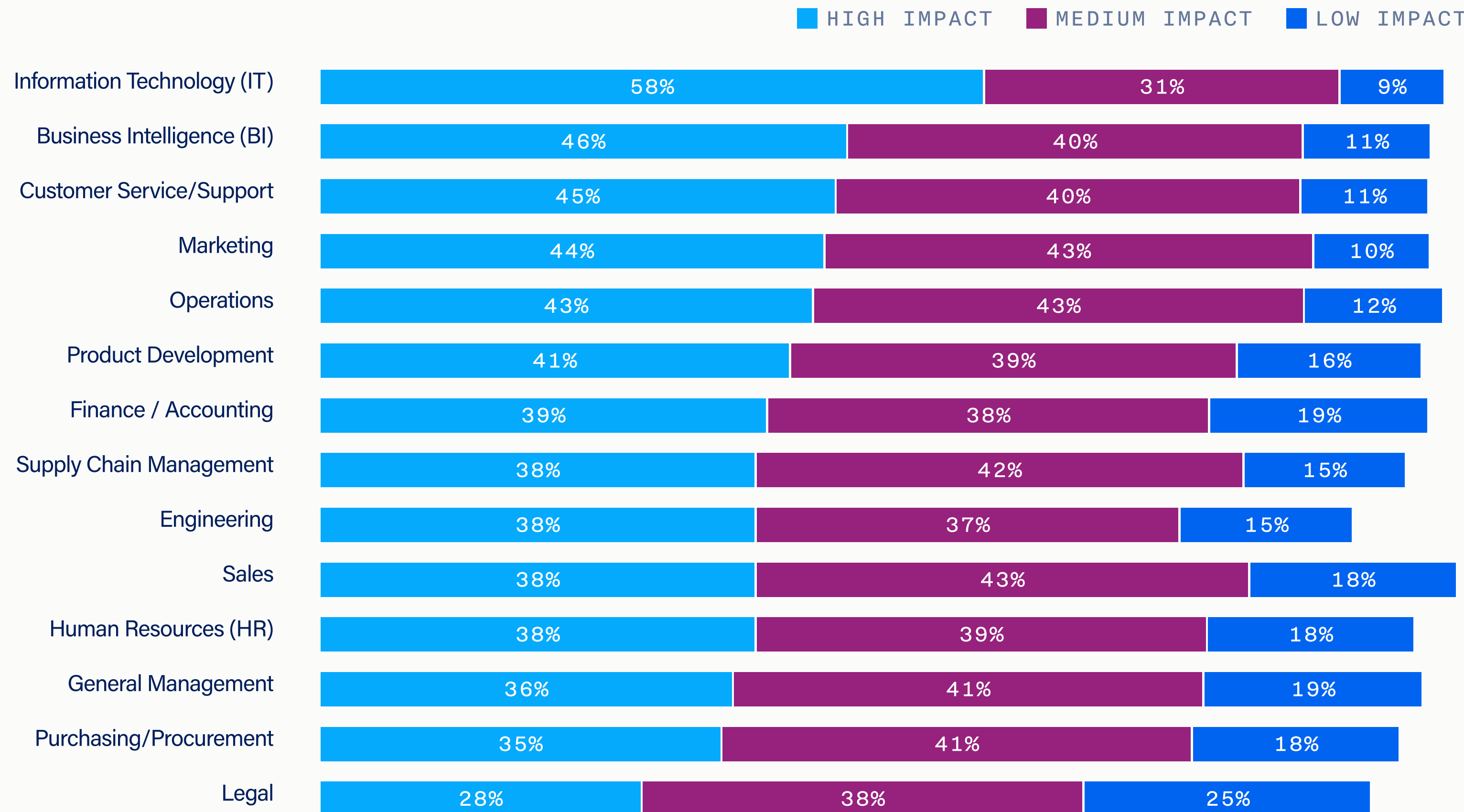
- Automotive Leader, \$2B+ Annual Revenue

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Most agree Gen AI is having an impact—though not yet an overwhelming impact.

Most Leaders Think Gen AI is Having a Positive Impact



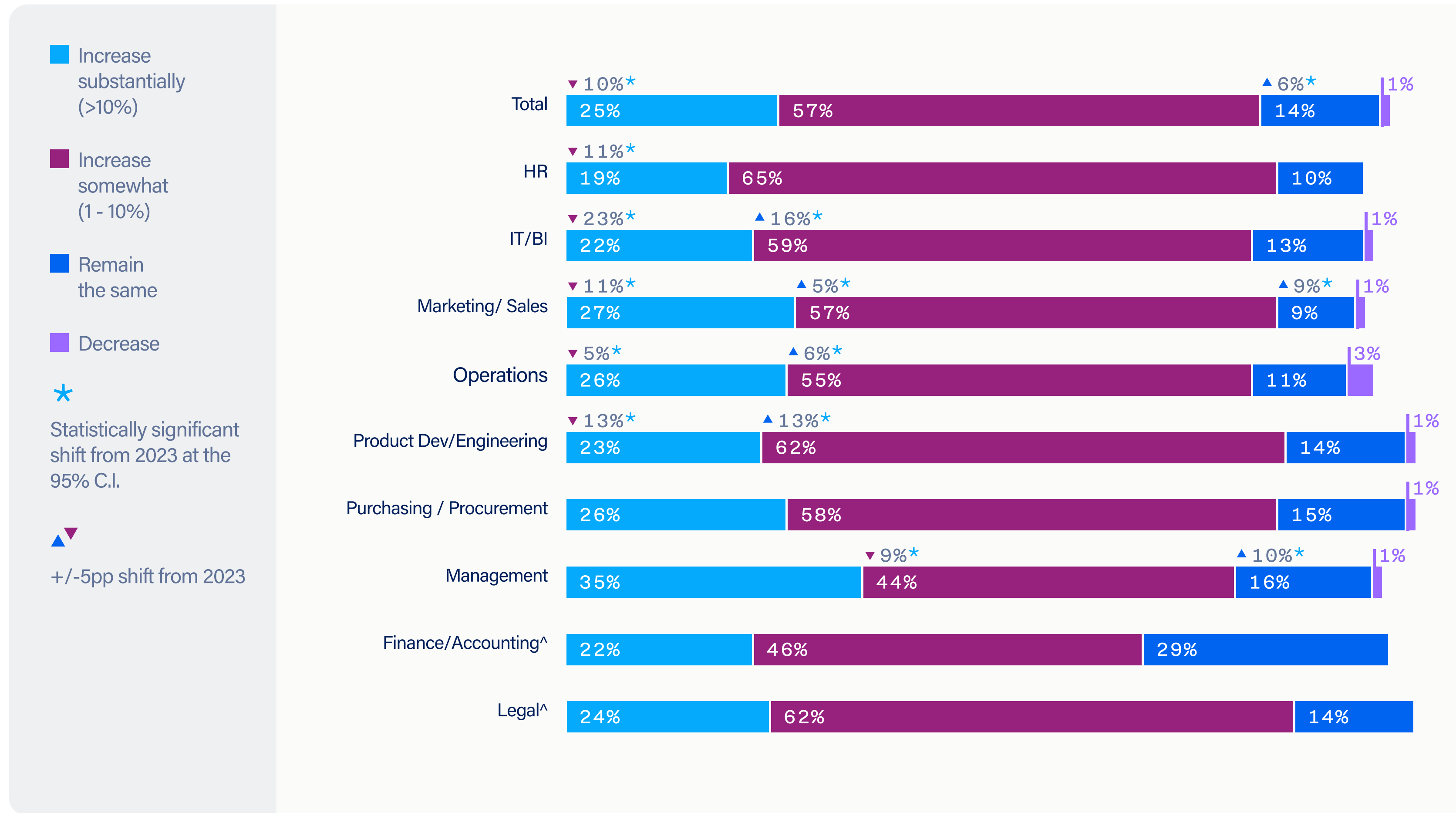
Companies today are confronted with unanswered questions on what Gen AI can do for them. There is agreement that Gen AI is impactful, but it's yet to be perceived as "highly impactful" in most areas. **IT is the exception, where a majority (58%) believe it is highly impactful.**

Does not include "I'm not sure/NA", hence displayed data does not sum to 100%. See Executive Summary End Notes for survey question and base sizes.

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Investment will continue to increase over the next 2 to 5 years, but at a slower pace.

Gen AI Budget Investment to Rise Across All Functional Areas Over the Next 2-5 Years



Percentage increases in investment across functional areas, while still large, are slowing compared to last year.

Certain functions predict steadier fiscal investments with **IT/BI, Marketing, Operations, and Product/Engineering** predicting budgets increasing somewhat or remaining the same.

^Functional areas added in 2024. Does not include "Not sure", hence displayed data does not sum to 100%. "See Executive Summary End Notes for survey question and base sizes.

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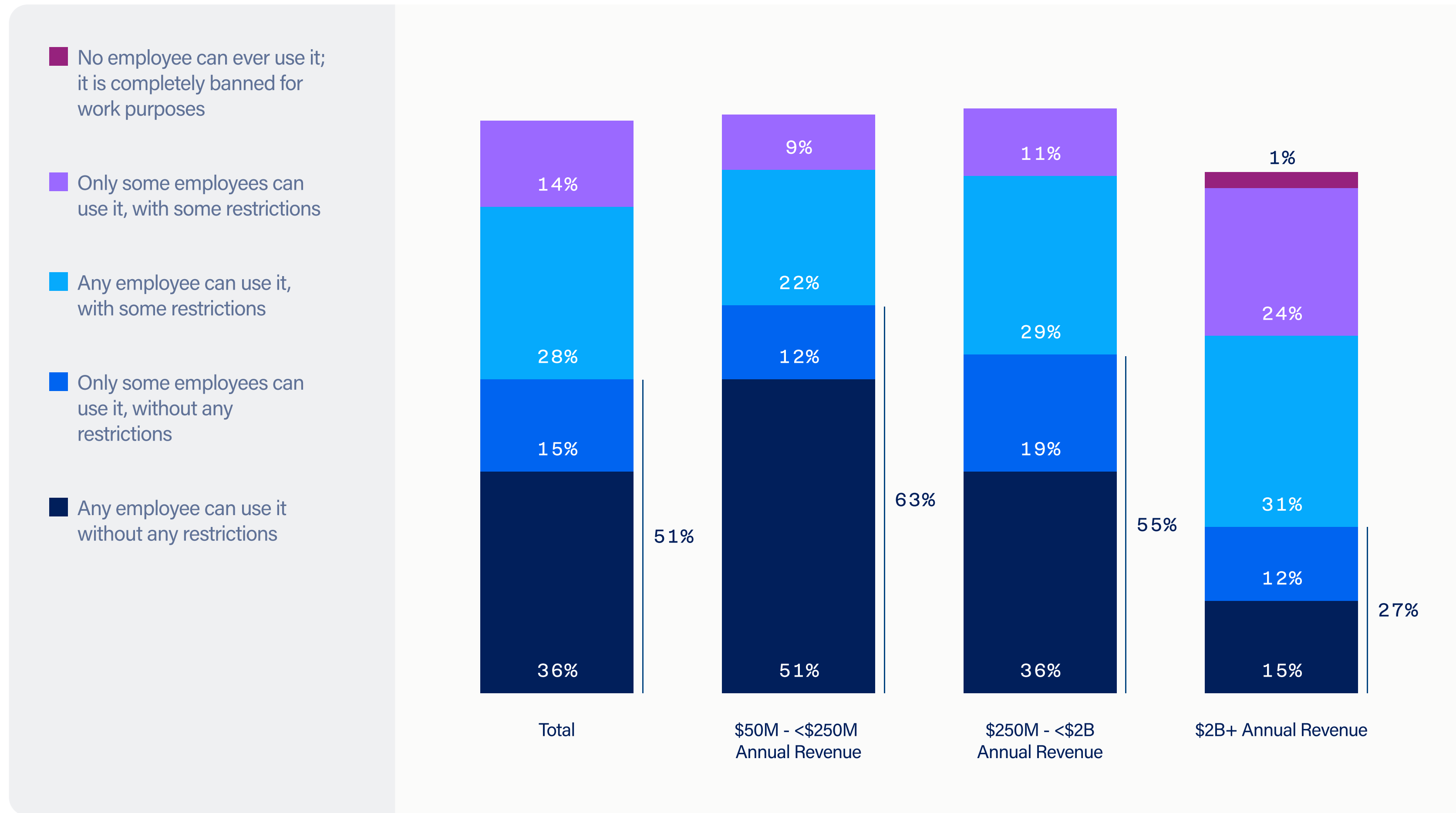
Key Takeaway

“I hope people become much less afraid of AI. I’m quite optimistic about future applications. At the same time, specific regulations need to be in place [for] safety, security, and ethical creation.”

– Retail Leader, \$250M - \$1B Annual Revenue

For now, uniform or stringent usage policies on Gen AI practices in the workplace have not emerged.

About Half of Enterprises Have Few or No Restrictions on Gen AI Usage



About half surveyed have **few or no restrictions of usage at work (51%)** – however more restrictions exist the larger the organization size. **Only 15% of \$2B+ annual revenue enterprises allow use without any restrictions.**

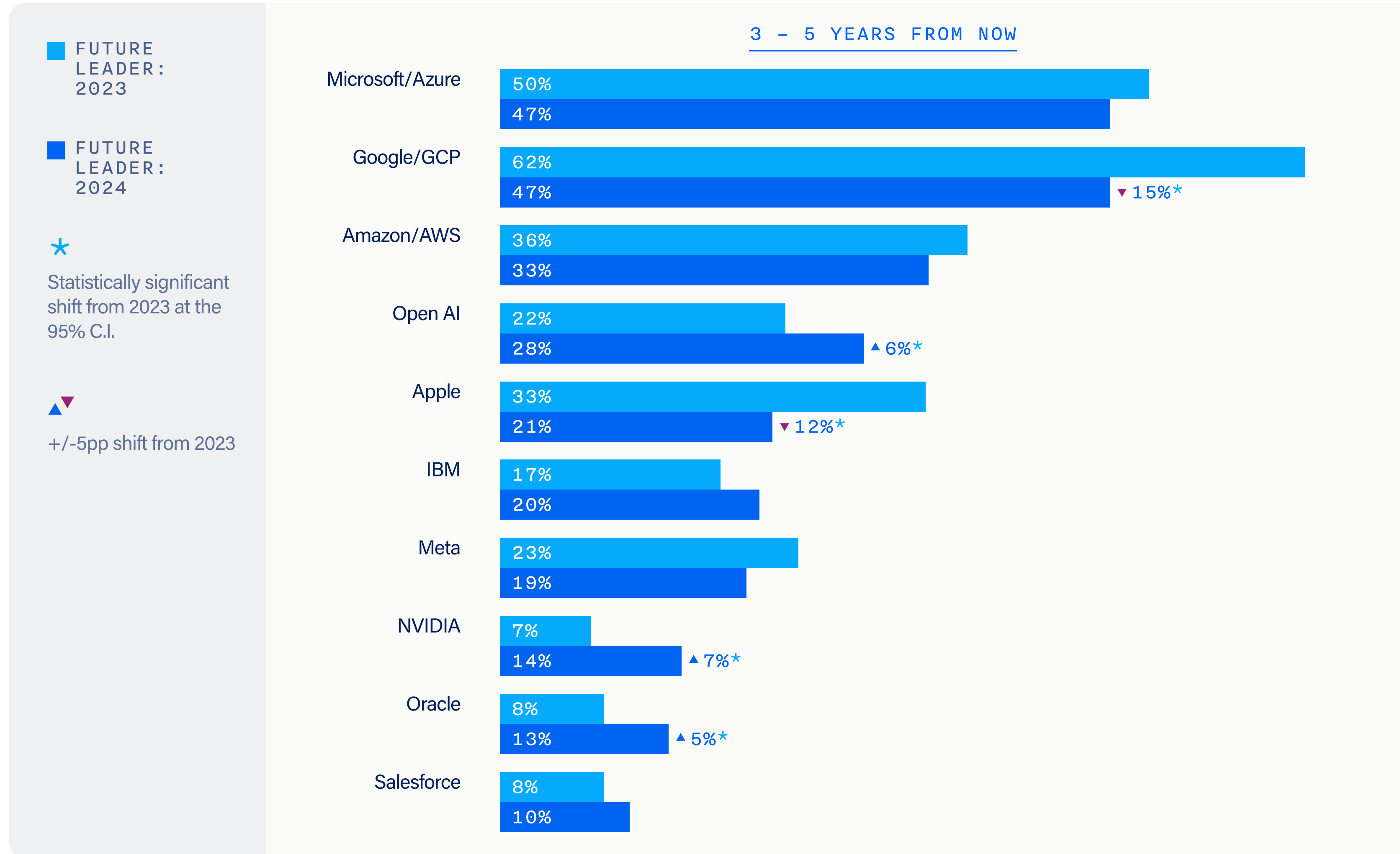
\$2B+ annual revenue enterprises may see additional risks that require additional scrutiny.

See Executive Summary End Notes for survey question and base sizes.

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AI market leadership is in flux, but Microsoft and Google continue to be seen as leaders now and in the future.

Perceptions of AI Vendors is in Flux



- Microsoft, Google, Amazon, and OpenAI are expected to lead in Gen AI for the next three to five years.
- Google and Apple have lost perception share as current and future leaders.

Not every brand measured is displayed, hence displayed data does not sum to 100%. See Executive Summary End Notes for survey question and base sizes.

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■ What Comes Next?

Continued usage of Gen AI will signal areas of opportunity—but it will also likely highlight the technology’s weak points. Companies are incentivized to find effective and efficient use cases of Gen AI, but will require a learning curve to figure out how to mitigate the risks this technology poses, particularly those around data privacy, security risks, biases (the strong barriers against adoption today).

The most successful Gen AI applications and use cases will see higher adoption in the areas of knowledge documentation, fraud, and brainstorming. Today, Gen AI receives the highest performance scores for data analysis/analytics, idea generation/brainstorming, legal contract generation, fraud detection, and email generation. It is in these niche areas where the proliferation of products for Gen AI most likely will occur.

More defined usage policies are needed. For now, there are no uniform or stringent usage policies on Gen AI practices in the workplace—but this is something to watch for in the coming years as the technology becomes more ubiquitous across functional areas.

While many predict that Microsoft and Google will remain the enterprise leaders, the mantle is anyone’s for the taking. With continued investment and increases in capabilities, it is possible that any of the top five leaders can outperform them.

Key Takeaways and Recommendations

Gen AI is still in the early phase. As with previous major advances in technologies (e.g., PCs, the Internet), Gen AI is currently being used to improve the efficiencies of business processes. It takes time for companies and industries to fully take advantage of the new tools, assess the right tools and platforms, and re-engineer their processes and develop new capabilities based on the new tech.

Short-term investment may be cooling, but this is not to be seen as a lack of interest. Investment in Gen AI remains strong, signaling that while maybe not immediately, many industries are preparing to embrace a world in which Gen AI plays a big role.

Remain vigilant, continue experimenting, watch for major developments, and be ready to follow quickly with investment as successful use cases become known. The companies that are prepared to pivot to Gen AI when the technology matures are going to be more competitive and agile. Companies that aren't treating this as a transformative technology could be caught flat-footed.

Have an open mind on which vendors are the best on Gen AI because best may soon be relative. Microsoft and OpenAI still appear to carry a first-mover advantage in decision-makers' minds. However, as Gen AI develops past the experimentation phase, other providers (including lesser-known players) will start to specialize their capabilities within certain industries or use cases. It's not hard to imagine providers diverging to claim an edge in niche areas.

Executive Summary

End Notes

Page 09 Q8. Please indicate whether your organization uses or intends to use Gen AI for the following areas. - Currently use (Note: Response options updated in 2024) Total: 2024 (n=802)

Page 10 Q2. What is your experience using Gen AI for work purposes? (Note: Question wording updated in 2024) Total: 2024 (n=802), 2023 (n=672)

Page 13 Q18. Who in your organization is currently responsible for your Gen AI strategy? Total: 2024 (n=802), 2023 (n=672)

Page 14 Q23B. Does your organization have a Chief AI Officer (CAIO) (or similar role)? Total: 2024 (n=802), \$50 million – less than \$250 million in annual revenue (n=211), \$250 million – less than \$2 billion in annual revenue (n=421), \$2 billion or more in annual revenue (n=170)

Page 16 Q3A/Q3B. Which (if any) of the words below describes your perception of Gen AI as it stands today? Total: 2024 (n=802), 2023 (n=672)

Page 17 Q6. What is your level of agreement with the following statements regarding the current impact of Gen AI on your organization? - Strongly/somewhat agree Total: 2024 (n=802), 2023 (n=672)

Page 19 Q5. How strong of an impact is Gen AI having on each of the following functions or departments within your organization? Total: 2024 (n=802)

Page 21 QSP5. Do you anticipate your organization's spending on Gen AI, 2-5 years from now, to increase, decrease, or remain the same? “Not sure” (<1%) data points not shown. Total (n=802), HR (n=91), IT/BI (n=92), Marketing/Sales (n=89), Operations (n=92), Product development/Engineering (n=92), Purchasing (n=102), General Management (n=75), Finance/Accounting (n=91), Legal (n=78)

Page 23 Q2A. Which best describes your current organization's policy for Gen AI for work purposes? (Note: New question in 2024) Total: 2024 (n=802), \$50 million - less than \$250 million in annual revenue (n=211), \$250 million - less than \$2 billion in annual revenue (n=421), \$2 billion or more in annual revenue (n=170) Not shown in chart: Those answering “other,” “don’t know,” or never used Gen AI.

Page 25 Q13B. Which of the following companies do you expect to be the leaders in Gen AI in the next 3-5 years? Total: 2024 (n=802), 2023 (n=652)

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