

GENERATIVE AI IN MARKETING AND CUSTOMER EXPERIENCE (CX)

Abstract

Generative AI is revolutionizing marketing and customer experience by enabling brands to deliver personalized, timely, and engaging interactions at scale. This technology allows companies to automate content creation, optimize marketing strategies, and enhance customer support in real time. By leveraging AI for personalized experiences, businesses can better understand individual customer needs and preferences, boosting engagement and satisfaction. Brands like Sephora are already using AI to provide highly tailored product recommendations and virtual try-ons. As AI continues to evolve, it's reshaping the way companies engage with customers, offering them faster, more relevant, and deeply personalized experiences that drive loyalty and long-term success. The future of marketing lies in merging human creativity with AI's power to create meaningful connections.



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Introduction

GenAI is rapidly renovating the marketing and customer experience (CX) environment by empowering marketers to easily build timely, relevant, and dependable consumer interactions. Because generative AI streamlines the process, marketers can create campaigns that increase revenue in minutes as opposed to days. Finding segmentation insights, creating customer journeys, automating two-way unstructured discussions, and creating new text, image, and video content based on patterns discovered are all examples of this.

This tech is a game changer. It's slashing hours of manual work, taking out the guesswork, and supercharging how teams get things done making everyone more productive, independent, efficient, and fast. For brands, marketers, and customer experience leaders, this shift has unleashed some seriously powerful abilities. They can now effortlessly create personalized experiences for tons of people and pull fresh, exciting insights from huge piles of data. No matter the industry whether it's retail, beauty, finance, or travel GenAI is truly reshaping the entire customer journey.

The Transformative Power of GenAI in Marketing and CX

🕒 **McKinsey Report (2024):** It's clear that Generative AI is rapidly changing the game for marketing and the customer experience. A 2024 McKinsey report backs this up big time, showing that companies using GenAI in their marketing efforts have seen their content production speed up by as much as 40%, plus a solid 20% jump in how engaged their customers are. More and more, brands are tapping into AI to automatically generate things like custom emails, product descriptions, quick chat responses, and

even ad visuals - all designed specifically for tiny segments of people, or even just for individuals.

- ⊙ **Salesforce poll (2024):** Generative AI is proving to be a real money-maker for marketers. A Salesforce poll from last year (2024) found that a whopping 68% of them actually saw an improved return on their investment by using GenAI solutions, and more than 71% of customers now expect personalized, real-time interactions, it's clear that AI-driven personalization is making customers a lot more satisfied. The future looks bright, too. As brands continue to blend GenAI with their CRM systems, chatbots, and smart recommendation engines, everyone is going to experience customer journeys that are incredibly seamless, much faster, simpler, and way more tailored to the individual, needs. Let's dig deeper into why this technology is so vital for modern marketing.

1. Marketing ROI and Efficiency: Generative AI is really helping companies to get a much better return on their investment by automating content creation, fine-tuning where ad money goes, and making everything super personalized.

Just look at some real-world examples: Companies like Mondelez have actually seen their ROI jump by 20–30% just by using AI for personalization. And Headway, an edtech company, got 40% better ad performance with AI tools, according to Business Insider. Plus, AI is trimming down operational costs, with some firms reporting savings of up to 30% on their marketing budgets, as noted by Medium.


Essentially, by handling routine tasks and getting smarter about who to target, generative AI helps marketers do more with less. This means they're saving money while also seeing bigger results. Find below, in Table-1, real-world examples showing how businesses are achieving results with GenAI in their marketing efforts.

Table-1, Real World Cases- Results Achieved by Adopting GenAI in Marketing

Company / Industry	Results Achieved	Source Reference
Headway (edtech)	40% increase in ad ROI, 3.3 billion ad impressions, lower production costs.	businessinsider.com
Bayer (pharma)	CTR up 85%, costs down 33%, traffic 2.6x growth using predictive AI marketing.	m1-project.com
Sage Publishing	99% faster content creation, 50% lower marketing costs, automation of book descriptions.	m1-project.com
Buzz Radar agency	Real-time analytics optimized campaigns and saved millions in ad spend.	m1-project.com
Imalent TikTok campaign	AI-generated ads had 8x organic views, 4x likes, 7x saves vs human-made ads.	Reddit
Dropship study	AI ads delivered 28% lower cost-per-result and 31% lower cost-per-click.	Reddit

2. GenAI in Marketing- Facts and Statistics: New research by Browsercat identifies the swift change being brought about in the marketing environment by generative AI. (The powerful influencers are illustrated in Fig.1.)

Fig.-1



 BrowserCat Home Pricing Blog Docs	
Key Statistics Table	
Statistic	Value
Marketers who have used GenAI tools	90%
Marketers using GenAI daily	20%
GenAI in Marketing Market Size (2024)	\$4.3 Billion
Projected Market Size (2030)	\$26.6 Billion
Reduction in Content Creation Cost (AI)	91%
Consumers Comfortable with AI in Marketing	62%
Customers Demanding AI Content Disclosure	75%

(Source: BrowserCat)

- ⊙ **Growth Rate:** It is significant to note here that this segment of the business was itself worth \$4.3 billion in the year 2024. It is also going to expand in size. The projections show an enormous jump to \$26.6 billion by the year 2030, along with a historic growth rate of 35% annually.
- ⊙ **Time Saving and Productivity Boost:** What is more astonishing is that nearly all marketers some 90% have already experimented with generative AI tools. They are gaining more enormous advantages: 71% report that they are able to can free up more than five hours per week. This is really phenomenal, as this means that they can eventually eliminate boring and time-wasting tasks, freeing up their mental capacity to work on larger, higher-level projects.
- ⊙ **Cost Saving and Transparency for Brands:** The cost savings are truly staggering. Some companies are seeing a tremendous decrease in the cost of content creation, by as much as 91%. That makes artificial intelligence much more cost-effective than the old outsourcing model. On the consumer side, the same is occurring. While about 62% of people are comfortable with AI created marketing content, there is a crucial caveat: three out of four customers still want brands to be open about when artificial intelligence is being used. This heightened call for transparency is truly something that marketers need to wrestle with delicately.

On the whole, the message is categorically obvious: generative AI is more than a faddish phenomenon. It is fast becoming a necessary, non-negotiable element of modern marketing practice.

3. Personalized Marketing and Customer Experiences at Micro-Segment Scale: Generative AI enables brands to personalize experiences at a micro-segment level through the processing of real-time data such as browsing history, purchasing behaviour, and demographics. Unlike conventional segmentation approaches, it enables marketers to generate dynamic, customized content, messaging,

and product suggestions for narrowly defined segments or an individual user. The tactic helps in increased engagement, conversion rates, and brand loyalty. The following is a case study on how the global beauty retailer Sephora uses generative AI to provide personalized customer experiences in scale.

Case Study- Sephora:

Background: Sephora, the global beauty retailer, is renowned for marrying technology with innovation that is customer-centric. Sephora has operations in more than 35 countries, and it reaches millions of customers through digital and physical touchpoints. With products galore and consumers who are highly engaged, Sephora realized that one-to-one customer experiences and marketing at scale were the imperatives if its business was to remain competitive in the digital beauty landscape.

Challenge: When Sephora's customer base truly started to boom, it became clear that simply suggesting products the old-fashioned way just wouldn't cut it anymore. It was getting super tricky to find the perfect match for everyone, especially with such a diverse mix of skin tones, personal tastes, and shopping styles. Those "one-size-fits-all" product ideas and traditional marketing tricks just weren't working for a customer base that was so wonderfully varied.

So, the company realized they needed something much more advanced solution powered by data that could really stretch and grow with them. The goal was to deliver marketing that felt truly personal to each shopper and to connect with them in real-time, no matter where they were engaging with the brand.

AI-Driven Solution: Using Generative AI for Micro-Segment Personalization

That's where Sephora stepped up its game. They brought in Generative AI and Augmented Reality (AR) tech onto their online platform, most notably through their "Virtual Artist" feature. This cool tool was actually developed by ModiFace, a company specializing in AI that's now part of L'Oréal. Here's a closer look at what makes this solution so impactful:

- ⊙ **Virtual Try-On as MicroSegment Visual Personalization:** Consumers would be able to view live simulations of makeup (lipstick, eye shadow, foundation) on their faces, taking into account lighting, face shape, and complexion. This strongly personalized experience translates into 35% higher conversion rates, 25% increased add-to-cart activity, and approximately a reduction of 30% in returns compared to standard static experiences.
- ⊙ **Skincare IQ and Recommendation MicroSegmenting:** Sephora's Skin IQ AI analyzed vast amounts of browsing history, purchasing behaviour, skin type, tone, age, and product affinities to create customized recommendations for particular sets of customers, e.g., "mauve lipstick enthusiasts with dry skin under 35.". Customers who were treated with AI-driven skincare regimens show higher session duration, repeat purchases, higher satisfaction, and higher loyalty.
- ⊙ **Omni channel MicroSegment Consistency:** Sephora provides the same micro-segment insights through multiple channels. In

Southeast Asia, for example, store Beauty Advisors use handheld devices that engage with the same AI-enabled profiles, thus offering a consistent personalization experience online, through virtual assistants, and in-store consultations. A conversational AI assistant, for example, has had over 3,32,000 sessions, interacting with around 9,000 unique users in Singapore and Malaysia, and has driven an average incremental revenue of around \$30,000 per month.

- ⊙ **Loyalty & Offer Personalization at Micro Scale:** Sephora's Beauty Insider rewards program utilizes AI models segmenting shoppers by spend category, frequency, channel interaction, and product interest. Marketing communications (email, push, in-app) are customized with generative AI templates and content blocks, imagery, and promotions tailored per micro-segment e.g., berry color lipstick launch sneak peek to "repeat lip product buyers" or hand-curated vegan skincare sets to "environmentally aware repeat buyers."

Business Impact & Metrics

Sephora Business Impact and Matrix (Post Using GenAI in Marketing)	
Micro-Segment Use Case	Outcome/Metric
Virtual Try-On Experiences	+35% conversion, +25% add-to-cart, ~30% fewer returns
Skincare IQ & Custom Kits	Enhanced session time, repeat purchase, and satisfaction; uplift in CLV.
Loyalty Offer Personalization	Increased engagement, redemption rates, and repeat purchase frequency.

Sephora: Impact on Customer Experience

- ⊙ Customers experienced more interactive, immersive, and relevant journeys.
- ⊙ Enhanced trust and confidence in product purchases through real time virtual try-ons.
- ⊙ Greater satisfaction due to timely, accurate, and context-aware recommendations.

Generative AI in Customer Experience (CX)

Customer experience (CX) generative AI allows an organization to have a human-like, contextual conversation that answers directly to the context of each customer. The technology turns every touchpoint into an interactive and personalized one. Organizations are turning their attention more and more to customer experience (CX) as a differentiator. The application of generative AI in CX is driven by a series of key drivers such as efficiency, personalization, cost savings, and competitive differentiation.

- ⊙ **Efficiency:** Generative AI significantly improves operational effectiveness by automating

routine business processes and customer interactions. Virtual agents and AI - powered chatbots are capable of handling a large number of queries at one time, sending responses in real-time and reducing wait time. This not only enhances customer satisfaction but also allows human agents to handle more complex issues, thus maximizing the use of resources.

- ⊙ **Personalization:** When it comes to how businesses really connect with customers these days? It all boils down to one thing: making it personal. And that's exactly where generative AI shines! It lets companies dive deep into tons of customer information, digging in to understand what an individual likes and how they behave. Because of this, businesses can now perfectly fine-tune their messages, product suggestions, and even the services they offer to match what an individual uniquely need. It results in much stronger connections and loyalty.
- ⊙ **Competitive Advantage:** Deployment of generative AI provides a significant competitive edge. Businesses that leverage AI to enhance their customer experience can distinguish themselves from competitors through faster, more accurate, and more tailored services. This strategy not only brings in new customers but also holds on to old customers, thus creating long-term business success and growth. Based on Pew research, 38% of managers named customer retention as one of the key reasons to invest in generative AI.
- ⊙ **Predictive Insights and Proactive Service:** Generative AI gives companies a huge edge in customer care by allowing them to anticipate future requirements. From analyzing past patterns and customer trends, AI can forecast future needs as well as determine future problems, including their probable time of occurrence. This frees businesses from a reactive position to a proactive.

Consider a telecommunications company, for instance. If it embedded artificial intelligence, it could effectively decide when and where network outages were likely to occur. Then it could instantly notify affected customers of the problem, perhaps even provide solutions or specials before there was ever a complaint lodged. This type of proactive thinking has a tremendous impact on the attitude of customers. Consequently, individuals feel they are seen, appreciated, and genuinely cared about, which significantly contributes to the development of long-term.

- ⊙ **Enhanced Product Recommendations:** Product recommendation systems can be greatly enhanced by generative AI. By using deep learning algorithms, artificial intelligence is able to dig through large datasets to learn the customer's preferences and forecast products the customer will be interested in.

For example, an online shopping platform can utilize the application of artificial intelligence to recommend products not just similar to the ones one has previously bought but also matching their overall interest and the current trends. It is a superior mode of shopping and increases the likelihood of repeat purchase.

- ⊙ **Dynamic Pricing Strategies:** GenAI enables companies to implement dynamic price models that maximize revenue and customer satisfaction. AI dynamically changes prices in response to real-time analysis of market trends, competitor prices, and customer behaviour to match levels of demand and supply. For instance, an airline may use artificial intelligence to adjust the price of the ticket based on the booking trends, season, and competitor prices. Thus, prices are competitive while profitability and customer satisfaction are optimized.

The Future of GenAI in Marketing & CX

Generative AI has the power to transform marketing and customer experience in ways no other technology can. AI has promised to customers by allowing them to deliver super-personalized interactions

at scale, respond in real time, and even anticipate customer needs before they're even verbalized, AI is empowering brands to break free from the antiquated "one-size-fits-all" campaigns. What we're seeing now is the dawn of a new era of dynamic, conversational, and truly intelligent experiences. These are crafted to deliver a higher degree of humanity and appropriateness than ever before. This shift doesn't just lead to more loyal customers; it constructs the path to much more effective and innovative marketing practices across industries.

The Road Ahead: Riding Smarter Marketing and CX

The road ahead in marketing and customer experience is all about working smarter, not harder. With AI and automation, brands can better understand what people need and deliver it more personally and efficiently. But it's not just about tech it's about staying human as well. Customers still crave real connection and honesty. Striking that balance between smart innovation and authentic interaction will define truly successful brands in the years to come. So, how are companies going to ride this thrilling new wave? Here's what savvy companies are paying attention to:

Use AI Responsibly: Ethical use of AI is not a compromise. Companies simply have to make their platforms open, transparent, and fully compliant with data privacy regulations. Achieving and maintaining consumers' trust has to be the utmost priority at all times.

Balance Human and AI Strengths: Where AI delivers unimaginable scale and speed, never lose sight of the fact that human imagination and empathy simply cannot be replicated. The magic lies in bringing the two together to deliver authentic, emotionally rich brand experiences.

Generative AI is transforming marketing and customer experience with real-time personalization at scale while boosting ROI and efficiency

Think Holistically: AI works best when it's all together. Put it across all your CRM, social media, e-commerce websites, and other touchpoints to provide truly unified, consistent experiences wherever customers engage.

Remain Customer Centred: At the heart of every AI-driven interaction, it has to be solving a genuine human customer issue. Always lean towards empathy, relevance, and simplicity—strategies for interactions that are considered, not automated.

Conclusion

Generative AI is transforming the customer experience and marketing strategy of companies quietly but profoundly. It's helping them deliver extremely personalized, real-time experiences that are highly personal. Case study of Sephora's extremely personalized beauty recommendations this is not skin-deep instances, it reflects the way brands are being empowered by AI to connect more meaningfully and save time and money too. Many marketers already see improved outcomes: happier customers, increased efficiency, and improved ROI. But getting GenAI to excel in performance isn't just a tech problem. It requires ethics and some thinking that about data privacy, not being biased, and maintaining content quality and authenticity. That's where ethics and human judgment enter. The future of GenAI in this space will depend on how companies balance smart tech, human creativity, and ethics. If they do it right with transparency, smart integration, and true customer obsession AI won't be a tool. It'll be leading next-gen marketing and customer experience. MA

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