



# Conversational AI

A VOYAGE ACROSS THE UNCANNY VALLEY

A new battlefield in the Tech Wars heated up last week with Microsoft’s [announcement](#) and hands-on demo of new AI capabilities in its Bing search engine and Edge browser. Google quickly followed suit by announcing its own conversational AI in a [blog post](#) on Monday and at an event in Paris later in the week. This all comes on the heels of ChatGPT’s launch late last year, which eclipsed [1M users in 5 days](#) and 100M in less than two months.

With all the buzz, we wanted to take a pulse on public opinion and understanding of this emergent technology, so we surveyed 1,000 US Consumers on Tuesday this week. Here’s what we found...



## NEWS STILL BREAKING THROUGH

While last week felt like a whirlwind of announcements and media coverage, it’s important to keep in mind that news about AI-powered search is only just beginning to break through to the masses. **17% of those we surveyed said they had heard a “great deal” about AI-powered search recently**, and 53% had heard at least “some.” That’s not bad one week in, but there’s a long way to go before companies build mainstream familiarity and understanding of the technology.

## DON’T COUNT GOOGLE OUT

Last week did not go as well as Google likely hoped with many headlines focusing on [Bard’s inaccurate assertion](#) that the Webb Space Telescope was the first to capture images of an exoplanet and a tepid media response to the event in Paris. But one week’s headlines will not determine the long-term trajectory of who wins the race.

Despite Google’s perceived missteps last week, **55% of those who heard about Google’s announcement said it made them view the company more favorably**, compared to 49% for Microsoft.

### AWARENESS OF ANNOUNCEMENT



### IMPACT ON FAVORABILITY



## SO WHO HAS THE EDGE?

Disruptor or incubent? Microsoft certainly has taken the initiative, having released a functional product that is already available to beta testers (and a [lengthy waitlist](#) to gain access). They also plan on investing \$10 billion into OpenAI. Google is the overwhelming incumbent in the search space, commands vast resources, and has assembled a formidable team that has been working on this technology for many years. The public appears to be favoring Google’s incumbency at this stage.

**59%** of those who have heard about AI-powered search say

**Google is best positioned**

to successfully deliver the technology to market

...compared to **13%** for Microsoft

Time will tell how much that shifts in the coming weeks and months as familiarity with the companies’ offerings deepens, and more users get their hands on the technology.

# Looking forward, consumer excitement is palpable

**A lot remains to be seen, but consumer excitement for the technology is building.**

71% of those who have heard about AI-powered search say they're excited about using the technology and 92% say they believe it will change the way people use the Internet. Why? Improved ease and speed of finding information and improved accuracy and relevance of search results are the key benefits driving their excitement.

## BENEFITS OF AI-POWERED SEARCH among those aware, n=532

|   |     |
|---|-----|
| Increased ease of finding information             | 50% |
| Better ability to find what I'm looking for       | 49% |
| Improved accuracy and relevance of search results | 46% |
| Increased speed of finding information            | 45% |
| More personalized search experience               | 37% |
| Search will be more interactive                   | 37% |
| Improved ability to learn                         | 36% |
| Increased productivity at work                    | 31% |
| Less repetition of search-related tasks           | 28% |
| Will make writing easier                          | 28% |

## IMPLICATIONS

As we look ahead, a few thoughts on how this will play out from here...

### Finding the Early Adopters

Which companies will effectively find the segments of the population that drive early adoption and help their products cross the chasm? Our data points to the usual suspects as early adopters: **Younger consumers** (ages 18-34) who skew male, those working full time (who perhaps see work-related applications/benefits), and more affluent and educated consumers.

### Managing Expectations

The potential for conversational AI is clear, but as we've already seen, it's still a work in progress. The process of "deep reinforcement learning" that drives applications like ChatGPT will **take time to mature** and there will be missteps and inaccurate results in the interim. Continual improvements in accuracy while managing consumer expectations will be important to mass adoption.

### Achieving Product-Market Fit

In addition to generating excitement and driving trial, products will need to identify the Jobs to Be Done that will have staying power. With seemingly limitless applications for AI-powered search, what jobs can the technology do for users that deliver the most real, sustained utility? **Keying in on these use cases** and building products that are optimized for these needs will be critical to gaining a competitive advantage.

### Monetization

Even new technologies that find the early adopters and achieve product-market fit aren't guaranteed a **sustainable path forward**—think of AI-powered voice assistants, which have achieved widespread adoption, yet struggled mightily to monetize. How will companies effectively monetize conversational AI? Will they follow the ad-supported playbook that Google has mastered? What subscription-based models will emerge?

### Bringing AI into the Light

Now that AI is maturing across a new threshold, and as ChatGPT, Bing and Bard bring multi-dimensional algorithms forward in a radically new way, there may be an opportunity to incorporate a new level of **transparency, education, and understanding of all AI**, including existing algorithms that are already deeply interwoven into daily life. This may happen organically, as new AI are introduced; perhaps there is also an opportunity to create distinct and meaningful AI personas for existing tools, with inherent consumer choice built into the experience.

### Proceeding Responsibly

There's been much written about the unintended consequences and potential abuses of AI. Ambiguous and misleading answers, the expression of embedded bias, and the propagation of ideological filter bubbles are all concerns. Conversational AI will almost certainly be a proving ground for the extensive work that Microsoft, Google, and others have put in to anticipate consequences and safeguard against abuses. **Close partnership** between companies, their users, third parties, and regulatory bodies to ensure a responsible approach will be essential to maximizing the potential benefits of this new technology.