

HONG KONG CONSUMER COMFORT WITH AI:

Insights for Brand Stewards

IPSOS HONG KONG
NEW NORMAL TRACKER
September 2023

AUTHOR
Adrian Lo

GAME CHANGERS



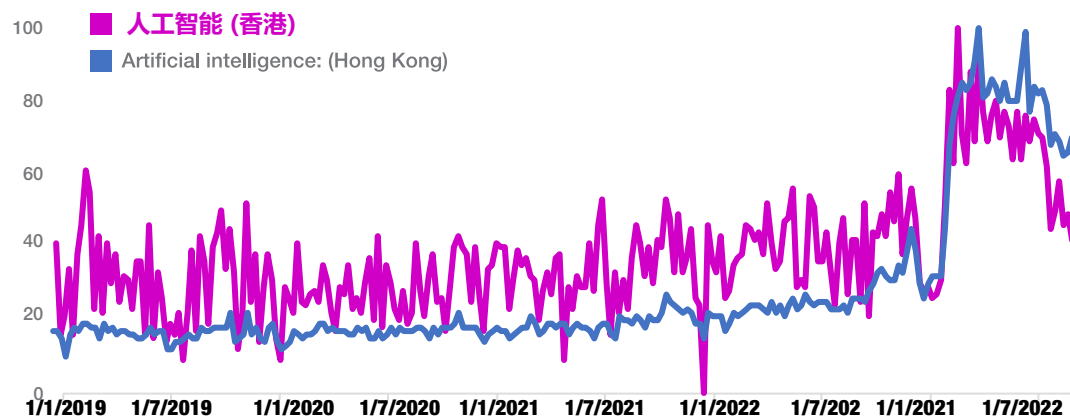
Artificial Intelligence is poised to transform our lives in unprecedented ways, touching upon every facet, from communication to work dynamics and even how we engage with brands. In this rapidly evolving technological landscape, brands find themselves at a crossroads, challenged to adapt on a grand scale. With shifting consumer behaviours, expectations, and associated risks, the intricate interplay of culture, society, and regulatory frameworks adds an aura of uncertainty. Crucially, the profound implications of AI on brands, its potential to facilitate transformation and growth, and the exploration of its impact on human perceptions form the core inquiries that brand stewards ponder. Examining human reactions to AI becomes instrumental in harnessing this technology in a manner that is authentic, trusted, and valuable for consumers.

Generative AI, with its impressive strides, has also captivated the attention of tech and business leaders alike. Its swift progress, thanks to an open and accessible framework, necessitates rapid adaptation on a larger scale. This transformation doesn't merely reshape consumer behaviours and expectations; it also opens doors to new product and service possibilities while revealing a web of opportunities and risks in a broader social, cultural, and regulatory tapestry that remains intricate and unpredictable. As AI is poised to revolutionise our daily lives, touching everything from communication to professional routines and information discovery, brands must be vigilant about the ethical dimensions of generative AI from the consumer's perspective, particularly concerning transparency, privacy, bias, and trust in both the technology and the brands employing it.

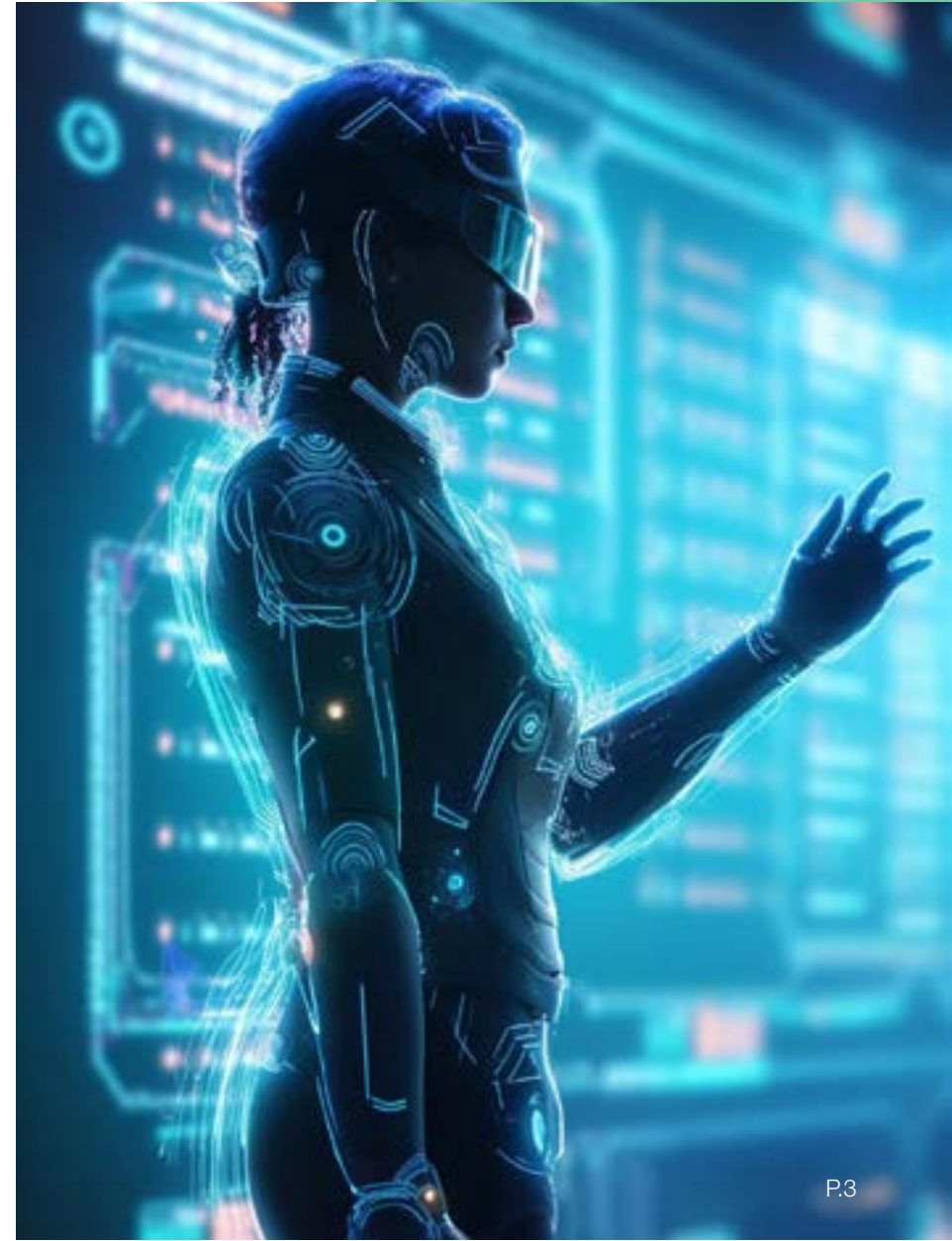


Awareness of AI: Hong Kong's Tech Fascination

Generative AI, with its impressive strides, has also captivated the attention of tech and business leaders alike. Its swift progress, thanks to an open and accessible framework, necessitates rapid adaptation on a larger scale. This transformation doesn't merely reshape consumer behaviours and expectations; it also opens doors to new product and service possibilities while revealing a web of opportunities and risks in a broader social, cultural, and regulatory tapestry that remains intricate and unpredictable. As AI is poised to revolutionise our daily lives, touching everything from communication to professional routines and information discovery, brands must be vigilant about the ethical dimensions of generative AI from the consumer's perspective, particularly concerning transparency, privacy, bias, and trust in both the technology and the brands employing it.



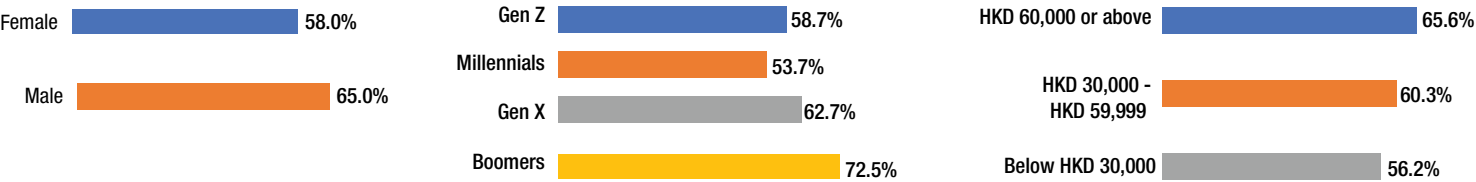
Source: Google Trends, Hong Kong



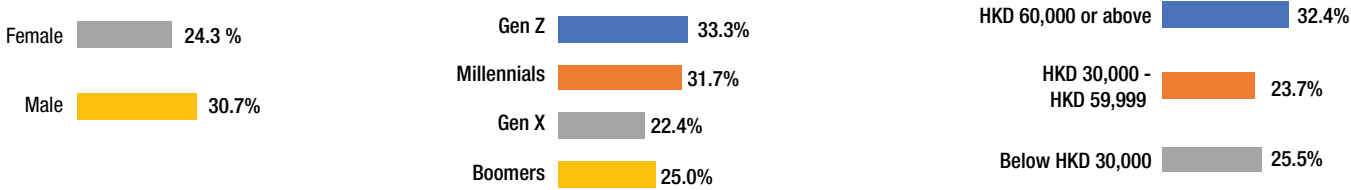
According to our survey on the awareness of artificial intelligence, most respondents (60.9%) are familiar with the concept. Our survey also suggests that people with higher incomes are more likely to understand AI as a way to improve their professional performance. Interestingly, the survey also reveals that the awareness of AI is more prominent in the baby boomers group than in the Gen X, Millennials, and Gen Z groups.

However, only 27% of those surveyed are familiar with generative AI, the technology capable of creating novel and original content. The younger generations, Gen Z and Millennials seem to be more aware of generative AI than Gen X and Baby Boomers, indicating the younger generation's openness to emerging technologies.

Awareness of Artificial Intelligence(60.9%)



Awareness of Generative Artificial Intelligence (27%)



Source: Ipsos New Norm Tracker 3Q2023

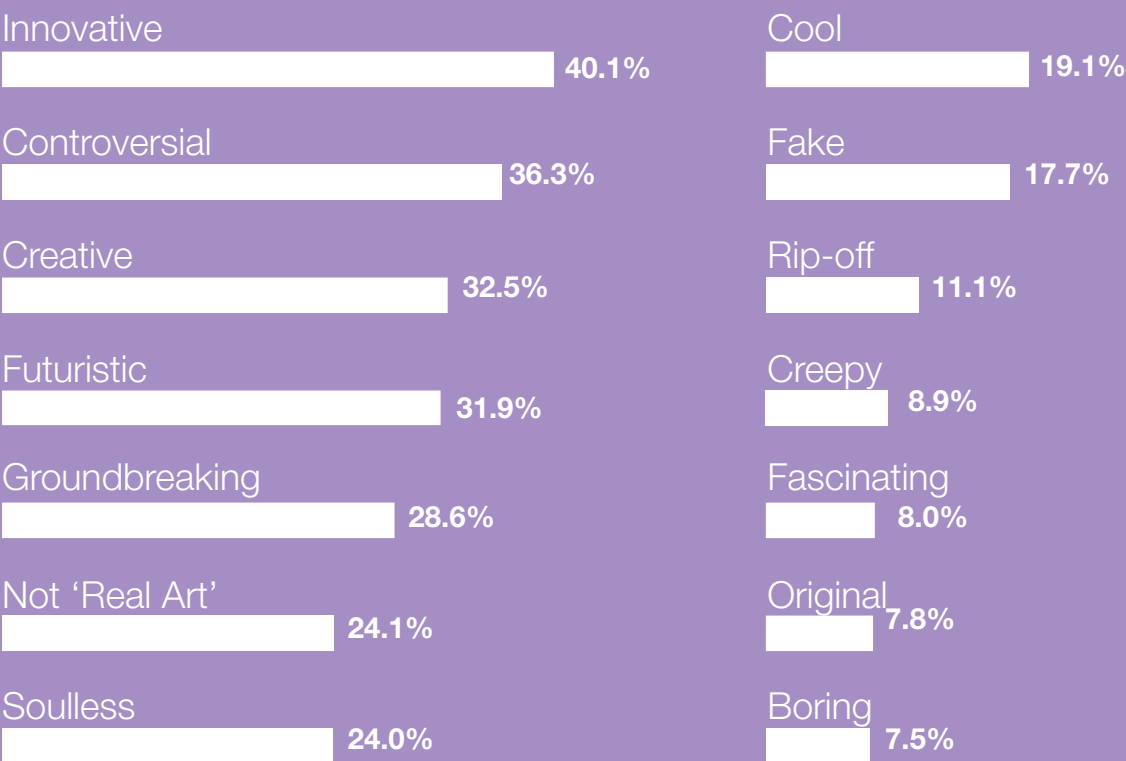


An abstract digital artwork featuring flowing, wavy lines in shades of blue and orange against a dark background. The lines create a sense of movement and depth, with glowing particles scattered throughout the scene. The overall aesthetic is futuristic and ethereal.

Hong Kong Consumer Comfort with AI: Insights for Brand Stewards

Our survey's findings reveal a generally positive perception of AI among most Hong Kong residents, albeit accompanied by some apprehensions and controversies stemming from varying viewpoints. Furthermore, the analysis also shows that many people view AI as innovative, creative, futuristic, and groundbreaking, all of which are positive attributes. However, a significant percentage also consider AI a controversial technology lacking soul and authenticity, with some not viewing AI-generated art as "real art." These divergent opinions on AI are likely to persist, and brands should be mindful of these perceptions when considering AI technology.

Consumer Description of AI



P.6 Source: Ipsos New Norm Tracker 3Q2023



Content Creation Preferences: Humans vs. AI

Artificial Intelligence's capabilities have witnessed remarkable expansion in recent years. It can now generate various types of content, from virtual TV news anchors simulating human-like gestures to crafting personalised videos, generating movie clips, creating captivating art pieces and journalistic photographs, formulating marketing information, and even drafting coherent news articles or developing web content.

There is a strong inclination towards human-driven content for photojournalism, news articles, and related website content. This preference can be attributed to the authentic creativity, emotional resonance, and multidimensional perspective humans naturally bring to these fields. In contrast, AI-generated content is preferred for consumer marketing websites due to its efficiency and scalability. This preference is likely due to the ability to personalise and target content more precisely. Finally, it is also worth noting that approximately half of those surveyed expressed no strong preference. This indicates a growing acceptance of AI-generated content, even as the appeal and trust in human-authored content remain strong in certain domains.

Preference for human driven content or AI-driven content

Virtual TV newsanchor / reporter



Videos for personal use



Movies for streaming networks or theatrical release



Photos and illustration for artistic purposes



Photojournalism, or pictures for a news story



Customer marketing website



Online news articles or website



■ Prefer Human-Generated Content

■ No Preference

■ Prefer AI-Generated Content

■ Don't Know

Source: Ipsos New Norm Tracker 3Q2023

Trust in AI

Trust forms the bedrock of consumer perception in emerging technologies like AI. When trust exists, the adoption of AI thrives, fostering greater integration. Yet, our survey highlights trust disparities across AI scenarios. While AI enjoys trust in internet searches, scepticism prevails in areas like AI-generated influencers and AI-curated news. This trust gap persists, particularly in news-related domains. Trust is somewhat higher in AI-curated reviews, social media content, and advertising but still requires nurturing.

Consumer's Trust in AI across AI Functionalities

AI-Generated News Anchor



AI-Curated News Contents



Television Advertising



AI-Curated review from other users or customers of a product or service



AI-Curated articles shared on social media by friends or acquaintances



AI Influencers / KOL



Internet search results generated by AI



Source: Ipsos New Norm Tracker 3Q2023

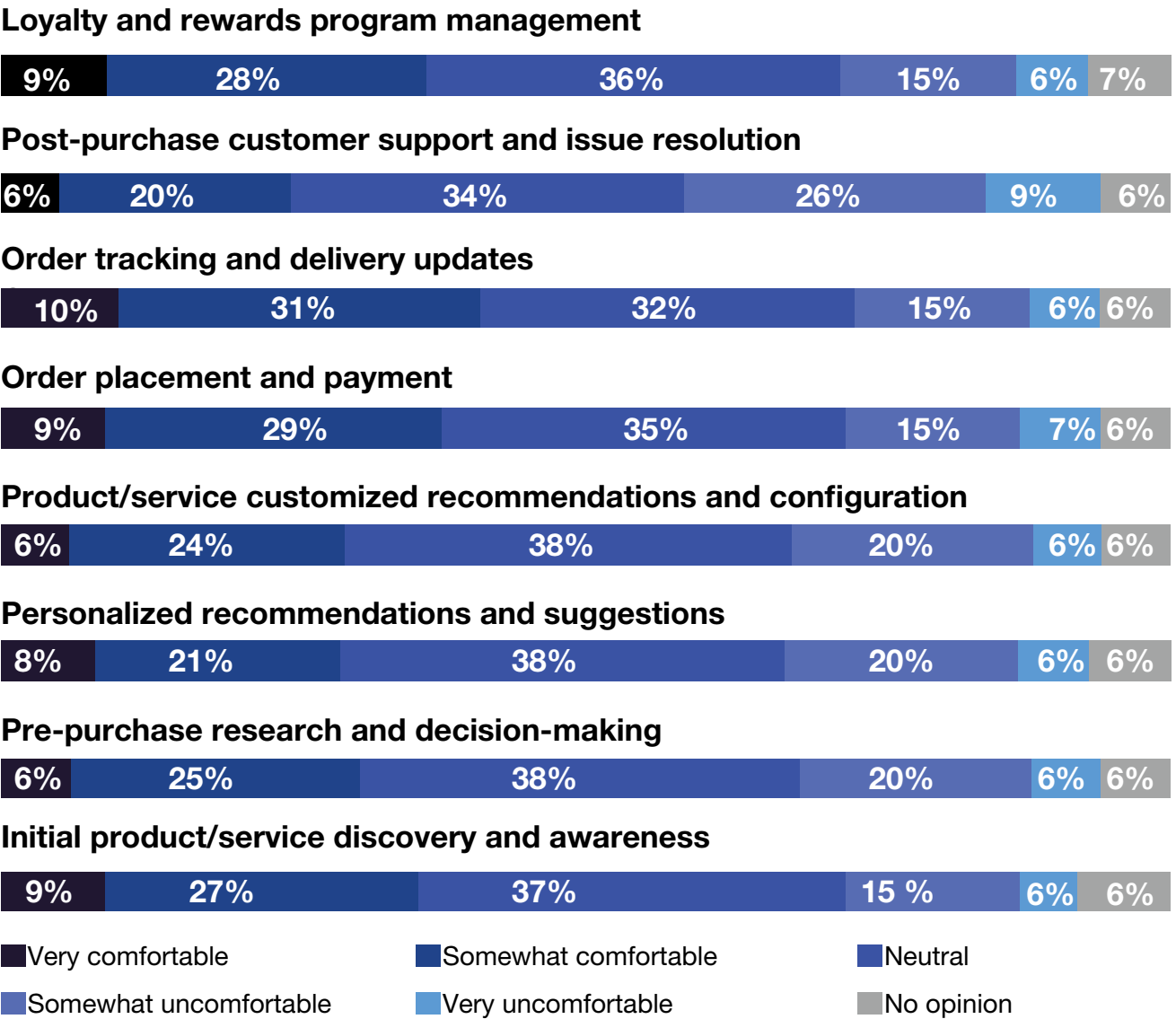


I Comfort Levels During Customer Journey

Brands needs to understand the comfort level of their target consumers when using AI-powered services throughout the different stages of the consumer journey. Our research indicates that consumers feel at ease using AI services for order tracking and delivery updates, order placement, payment, initial product discovery, and loyalty and rewards program management. These stages require routine or transactional interactions where AI can offer efficiency and scalability.

Brands needs to understand the comfort level of their target consumers when using AI-powered services throughout the different stages of the consumer journey. Our research indicates that consumers feel at ease using AI services for order tracking and delivery updates, order placement, payment, initial product discovery, and loyalty and rewards program management. These stages require routine or transactional interactions where AI can offer efficiency and scalability.

The comfort level of using AI-supported services instead of human-direct services



Source: Ipsos New Norm Tracker 3Q2023

| Comfort Level Across Industries

Consumer comfort levels with AI also vary across industries. Consumers feel more comfortable interacting with AI in the restaurants, travel and hospitality, and shopping/retail sectors. For these sectors, AI primarily enhances customer service or provides recommendations. The stakes are relatively low, making consumers feel more comfortable and trusting of AI.

Conversely, sectors like healthcare, insurance, and investment involve high-stakes decisions and the handling of sensitive

personal data. In these contexts, consumers may feel less comfortable and exhibit lower trust when interacting with AI. Perceived risks loom large, including incorrect diagnoses, inaccurate financial advice, and potential data breaches.

Thus, despite AI's potential to enhance efficiency and personalisation, the comfort level is significantly lower in these high-stakes domains where trust in balancing AI and these decisions isn't firmly established yet.

Consumer's comfort level of interacting with AI across different industries

Healthcare



Restaurants



Travel and Hospitality



Government



Investments



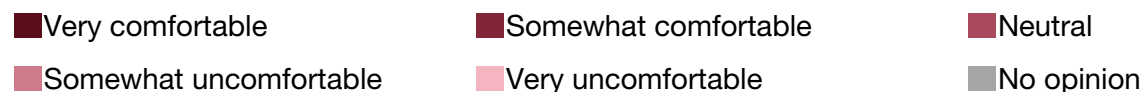
Insurance



Banking



Shopping and Retail



Source: Ipsos New Norm Tracker 3Q2023

I The Way Forward

To unlock AI's full potential to enrich consumer experience, brands must prioritise understanding human perceptions of AI, including ethics, transparency, privacy, bias, and trust. They need to cater to varying levels of awareness, comfort, and trust across diverse demographics. Brands must also balance the level of AI and human involvement across different customer touchpoints, especially in critical domains and high-stakes interactions, to mitigate potential risks. Divergent views on AI among consumers underscore the imperative for brands to monitor and navigate these perceptions carefully, guided by consumer insights, ethical considerations, and a commitment to building trust.

Hong Kong Consumer Comfort with AI: Insights for Brand Stewards

Adrian Lo
Partner of Strategy3 Hong Kong
Adrian.Lo@Ipsos.com

IPSOS HONG KONG NEW NORMAL TRACKER

This tracking programme monitors changes in consumer sentiment and behaviour in response to the COVID-19 pandemic. Data were collected monthly between April 2020 and June 2021, and quarterly thereafter. Additional markets/ questions available upon request.



Market coverage

The survey is administered in Hong Kong



Timing

Fieldwork conducted quarterly



Sample size

1,000+ interviews, general adult population



Pricing & additional data

Available on request

www.ipsos.com

GAME CHANGERS

