

POV

Outcreating Consumer Delight & Growth in Retail-CPG Through AI

How AI is Reshaping Marketing, Commerce,
and Channels

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Table of Contents

Introduction.....	3
M - Marketing: Creativity at Scale, Without Losing the Human Voice	4
C - Commerce: From Personalization to Commercial Decision Intelligence	5
C - Channels: Where Strategy Becomes Reality	7
The Advantage Is in the Connection	8
What This Means for RCG Leaders.....	9
The Human Stays in the Lead	9
The Bottom Line	9
Retail and Consumer Goods at LTM	10
References.....	10
About the Author	11

Introduction



AI is no longer an emerging technology conversation for Retail, Consumer Goods (RCG) leaders. The harder question is now an economic one : where can AI create measurable growth, margin, and consumer value? And how can that value compound across the business?

The opportunity is significant. McKinsey estimates that digital and AI transformation could unlock \$810 million to \$1.6 billion in potential value for a hypothetical \$10 billion food and beverage company. Of this, \$230 million to \$470 million could be concentrated in customer and channel management alone.

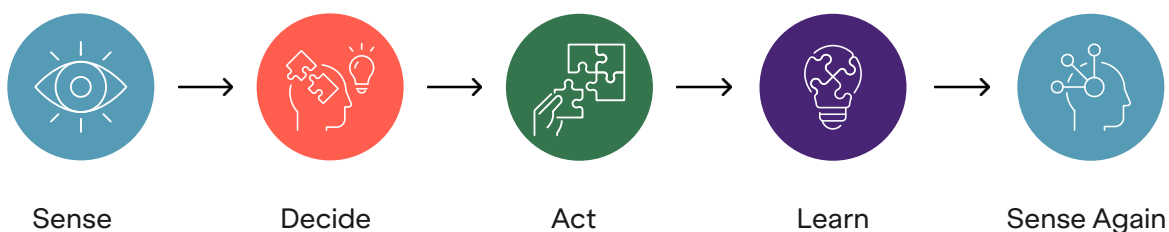
Yet much of today's AI adoption remains organized around individual functions. Marketing creates content. Commerce optimizes conversion. Channel teams manage customers, promotions, and execution.

Consumers expect a seamless journey from discovery to purchase, regardless of organizational boundaries. Connecting interactions across channels enables more relevant, consistent, and personalized brand experiences.

The real opportunity lies in breaking down the silos between Marketing, Commerce, and Channels. AI can connect signals, decisions, and outcomes across the value chain, ensuring that insights generated in one area drive action and learning across the others.

As information flows across functions, organizations create a continuous cycle of learning, adaptation, and growth. Over time, that cycle compounds value.

The result is a continuous intelligence loop



That is where AI moves from a collection of use cases to a new growth capability.

M - Marketing: Creativity at Scale, Without Losing the Human Voice

Marketing is perhaps the most visible place where AI has changed how people work. Teams can explore more ideas, create more content variants, and personalize communication at a scale that would have been difficult to imagine only a few years ago. Generative AI has dramatically reduced content creation timelines. It allows teams to localize campaigns across markets, test more creative directions, and spend less time on production.

But speed alone is no longer the competitive advantage. If every brand can create more content faster, advantage shifts to knowing what to create, for whom, and why.

BCG research on AI-forward CPG organizations identifies measurable gains from GenAI transformation, including reported improvements of up to 50% in marketing ROI and up to 20% in selected cost categories.

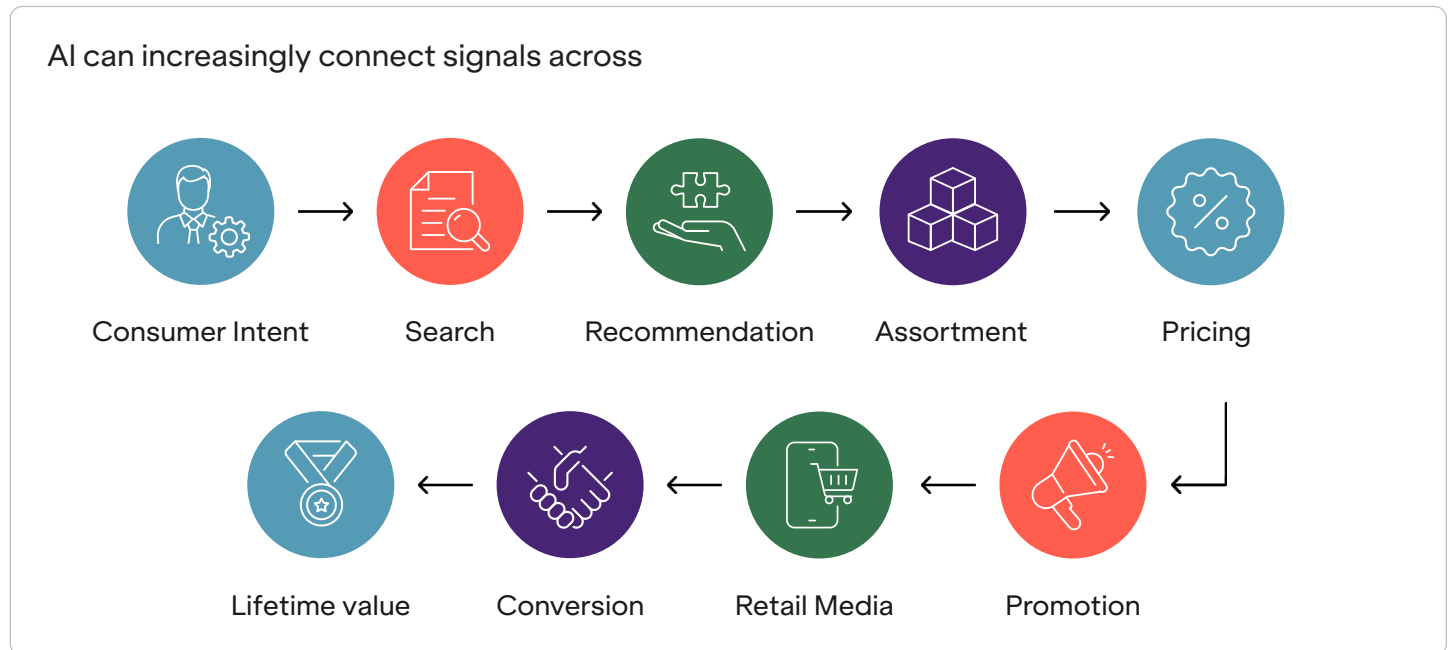
The most interesting examples are not those where AI replaces people, but where it expands what people can do. One of the world's best-known beverage brands opened parts of its creative archive to AI-enabled co-creation. This allowed consumers to engage with familiar assets in new ways while keeping strategy and brand stewardship firmly in human hands.

Another global consumer brand took a different path. It established clear boundaries around AI use within a long-standing platform built around authentic human representation. Different choices, but the same principle: technology should serve the brand, not define it. The same pattern is emerging in innovation. A leading global snacking company is using AI to evaluate product concepts against flavor trends and consumer sentiment. This has reportedly reduced concept-to-launch timelines by up to 80%.

AI is changing how products are developed, not by generating breakthroughs on its own, but by enabling teams to explore a broader set of possibilities, validate ideas more quickly, and bring the strongest concepts forward with greater confidence.

C - Commerce: From Personalization to Commercial Decision Intelligence

Commerce is not simply where consumers transact. It is where consumer intent meets commercial decisions: what to show, what to recommend, what to price, what to promote, where to place products, and how much margin to protect.



That makes Commerce the decision layer between demand creation and revenue realization.

Increasingly, AI is helping organizations make commercial decisions, not just commercial predictions. The opportunity extends beyond personalization into revenue growth management, pricing optimization, assortment planning, promotion effectiveness, and retail media investment.

The question is no longer what consumers might do. It is what action a business should take in response. This aligns with McKinsey's finding that customer and channel management represents one of the largest AI value pools in Consumer Goods.

A research from Deloitte found that 80% of consumers prefer brands that deliver personalized experiences. They also report spending significantly more with those brands, yet fewer than half believe retailers personalize effectively.

AI-powered personalization continues to deliver measurable gains in conversion, average order value, and customer lifetime value. The opportunity extends beyond personalization. Revenue Growth Management (RGM) is emerging as one of the most important applications. Increasingly, organizations are using AI to improve pricing, promotion effectiveness, assortment decisions, and trade investment allocation.

McKinsey's work with Reckitt demonstrates how AI-enabled RGM can move commercial planning from reactive decision-making to predictive, data-driven action embedded directly within revenue management processes.

As AI agents play a bigger role in product discovery and purchasing, brands will need to optimize the digital shelf not just for consumers, but also for the AI systems guiding their decisions. Deloitte describes this emerging model as “agentic commerce,” where intelligent AI agents research, compare, and purchase products on behalf of consumers.



As these systems become more influential in purchase decisions, discoverability, product information quality, and digital shelf presence may become as important as traditional marketing and search optimization. Analysts increasingly expect AI agents to play a meaningful role in future e-commerce activity.

Increasingly, consumers may delegate portions of search, evaluation, and purchase decisions to AI-powered agents acting on their behalf. This creates a new competitive question: how does a brand remain discoverable, differentiated, and preferred when recommendation engines become influential participants in the buying journey?

C - Channels: Where Strategy Becomes Reality

Marketing creates demand. Commerce converts intent. Channels determine whether the promise can be fulfilled profitably.

For Retail and Consumer Goods(RCG) companies, channels represent far more than a route to market. They are where brand promise, trade investment, and retail execution come together.

The financial stakes are significant. McKinsey research suggests trade incentives typically consume 8% to 11% of revenue, with some organizations reaching 20%. Nielsen studies have consistently shown that many promotions fail to generate profitable returns.

As portfolios expand, channels multiply, and demand becomes harder to predict, improving execution becomes a growth challenge. AI can help by connecting signals across demand, inventory, pricing, promotions, and store execution.

This gives teams clear visibility into value creation and leakage. For CPG leaders, customer and channel optimization emerges as a high-impact AI value pool, not just an operational efficiency lever.

AI can connect these signals to answer questions that traditional functional systems often struggle to answer together

	Which promotion should run?		For which customer and channel?
	At what price?		Against what inventory position?
	How should the next commercial decision change?		What is happening in-market?
	With what expected incremental volume and margin?		

That is the shift from analytics to commercial intelligence. It helps determine what should happen next across pricing, assortment, trade spend, and customer investment decisions. The objective is not merely better reporting, but better decisions.

The Advantage Is in the Connection

For years, RCG companies have approached Marketing, Commerce, and Channels as separate disciplines. Each has its own teams, data, metrics, and priorities.

AI can make every function more effective. It can help marketers create content faster, enable more personalized shopping experiences, and improve promotions and retail execution.

The real opportunity lies in connecting them.

Consumers expect a seamless journey from discovery to purchase, regardless of organizational boundaries. Connecting interactions across channels enables more relevant, consistent, and personalized brand experiences.

When insights move across the journey, value compounds. Marketing identifies an emerging consumer need. Commerce translates that insight into pricing, assortment, offers, and recommendations. Channel teams use the same understanding to improve inventory, promotions, and customer investments.

Market outcomes then generate new signals that improve future decisions.

This is where AI creates a disproportionate value. Individually, it can accelerate content creation, improve personalization, and optimize trade investments. Together, these capabilities create a business that learns and responds more quickly.

Many organizations therefore have less of an AI challenge than a connection challenge. Valuable insights often remain trapped within functions. Adding more AI to disconnected processes does not automatically solve that problem.

The bigger opportunity is to strengthen the connections between Marketing, Commerce, and Channels so that every insight, decision, and outcome improves the next.

Organizations seeking to translate AI investment into measurable business value can focus on four principles:

- **Start with business value:** Focus on measurable growth, margin, and consumer outcomes.
- **Fix the data before the model:** Disconnected retailer, point-of-sale (POS), and enterprise data remain among the biggest barriers to scale.
- **Run focused experiments:** Well-scoped pilots with clear ownership and measurable outcomes often create more momentum than large transformation programs.
- **Design for connected decisions:** The greatest value comes when Marketing, Commerce, and Channels learn from one another continuously.
- **Govern the decision,** not just the model.

The competitive advantage is not having AI in every function. It is allowing intelligence to travel across functions faster than competitors can.

What This Means for RCG Leaders

Move From	→	Toward
AI use cases	→	AI-enabled business capabilities
Functional copilots	→	Cross-functional AI orchestration
Prediction	→	Decision intelligence
Personalization	→	Individualized commercial action
Campaign optimization	→	Continuous demand shaping
Trade promotion analytics	→	Dynamic commercial investment
Human + AI as separate actors	→	Human-led, AI-augmented decision loops
Point solutions	→	Connected intelligence architecture

The Human Stays in the Lead

One brand may use AI to open new creative possibilities. Another may establish clear boundaries around where it should and should not be used. A third may use it to bring consumer insight and content creation closer together.

Different choices, but the same principle: AI decisions are ultimately business and brand decisions.

As intelligence becomes more accessible, judgment becomes more valuable. The organizations best positioned to capture sustained value will be those that use AI to help their people make better decisions, solve problems faster, and focus their energy where it matters most.

The Bottom Line

This idea sits at the heart of LTM's belief in Business Creativity. Growth rarely comes from technology alone. It comes from combining human insight and intelligent systems to solve problems in better ways and create new sources of value.

The real opportunity is not simply to make Marketing, Commerce, and Channels smarter. It is to connect them more effectively so that every interaction becomes a source of learning and every learning improves the next experience.

The organizations that Outcreate Consumer Delight are those that can understand consumers better, make smarter decisions faster, and execute more effectively across every channel. The result is not just better experiences, but stronger growth.

Retail and Consumer Goods at LTM

LTM partners with leading Retail and Consumer Packaged Goods companies to create differentiated consumer experiences and drive profitable growth. Combining industry expertise, AI, data and engineering, LTM helps enterprises transform consumer engagement, commerce, supply chains and core operations. Its AI-centric approach enables smarter decisions, greater personalization, improved availability and more agile operations, helping businesses respond faster to evolving consumer expectations and create sustainable value. LTM works with 75+ retail-CPG clients, 8 of the top 20 CPG brands and 5 of the top 20 retail brands.

For more info, please visit <https://www.ltm.com/industries/retail-and-consumer>

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Dr. Srinivasan K.P. is a Global Consumer Products & Retail Consulting Executive at LTM with 22+ years of experience across consulting, industry operations, supply chain, digital transformation and AI. He advises RCG leaders on AI and Agentic AI, digital commerce, consumer experience and enterprise transformation, helping organizations translate emerging technologies and industry shifts into differentiated business capabilities. His experience spans North America, Europe, the Middle East, India and APAC.

LTM — a Larsen & Toubro Group Company — is an AI-centric global technology services company and the Business Creativity partner to the world's largest enterprises.

We bring human insights and intelligent systems together to help clients create greater value at the intersection of technology and domain expertise. Our capabilities span integrated operations, transformation, and business AI — enabling new ways of working, new productivity paradigms, and new roads to value. Together with over 87,000 employees across 40 countries and our global network of partners, LTM owns outcomes for our clients, helping them not just outperform the market, but Outcreate it.