

# AI is Real, The Hype is Not

AI will drive the biggest disruption this industry has ever seen... While everyone is chasing the hype, the challengers are building the future.

**RIVAL**

The marketing industry is in an AI bubble. Many marketing organizations will invest heavily in AI over the next decade, yet most will fall short. The difference comes down to the quality of choices about what to pursue, measure, and stop. AI is a race, but it is not a sprint. The organizations that will win understand that success comes from pacing investments, staying disciplined, and focusing on what compounds advantage over the long term.

Endurance matters more than speed.

# Foreword

In 2025, over \$965 billion flowed into AI infrastructure, with 2026 projected to surpass \$1.37 trillion (Gartner, 2026). Over the next decade, AI's economic impact is expected to reach trillions across equipment, construction, energy, and other sectors. The R&D arms race among AI and tech companies is driving massive spending on data centers and semiconductors (Microsoft, 2025). Companies are also investing aggressively in scaling, valuations, and long-term revenue and cash flow growth (CNBC, 2025; The Information, 2025), all in an era of rising interest rates after years of near-zero policy rates and cheap capital. For CMOs, this context matters: it shapes the commercial pressures, strategic decisions, and key investments that will need to be made to survive this next era.

But what if that payback does not materialize? No AI company has yet turned a consistent profit. Most organizations across sectors struggle to incorporate AI into their core operations in ways that are both effective and commercially viable. The narrative is already shifting.

FIGURE 1: GARTNER WORLDWIDE AI SPEND

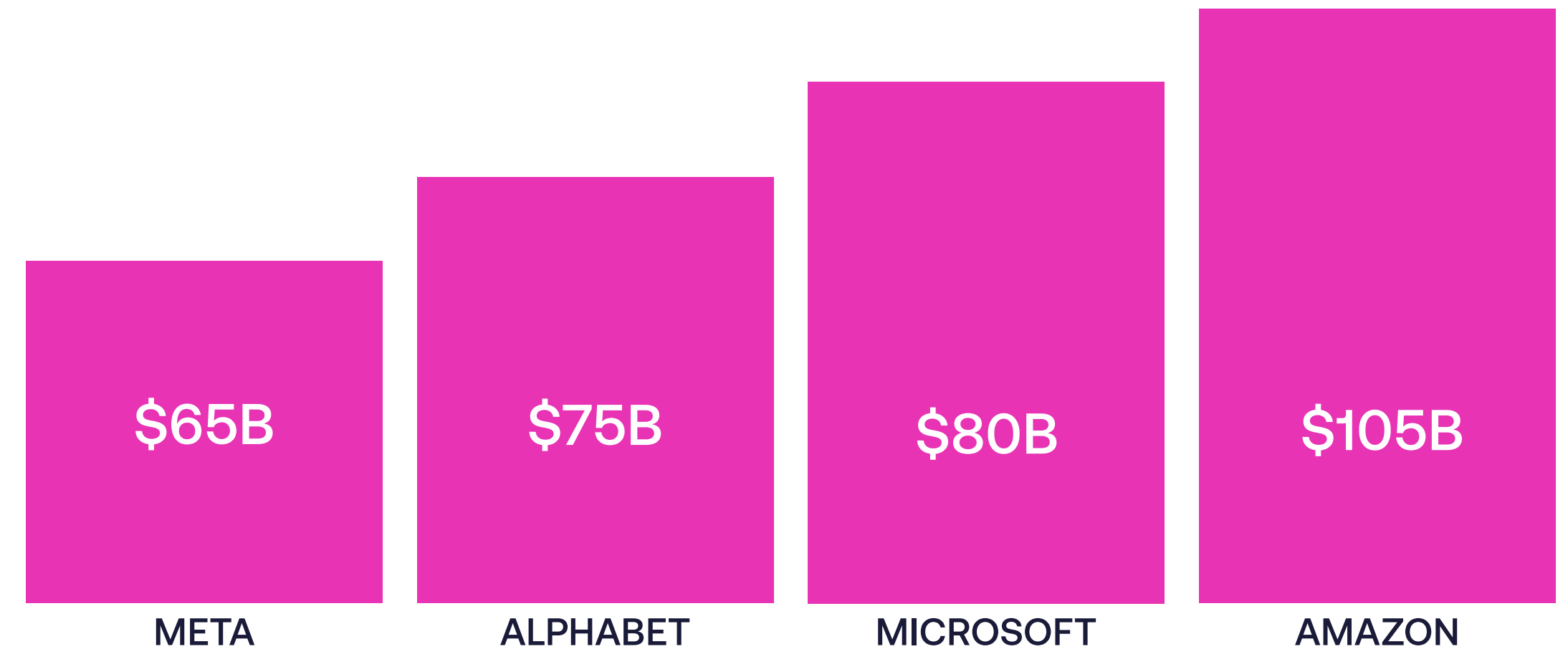
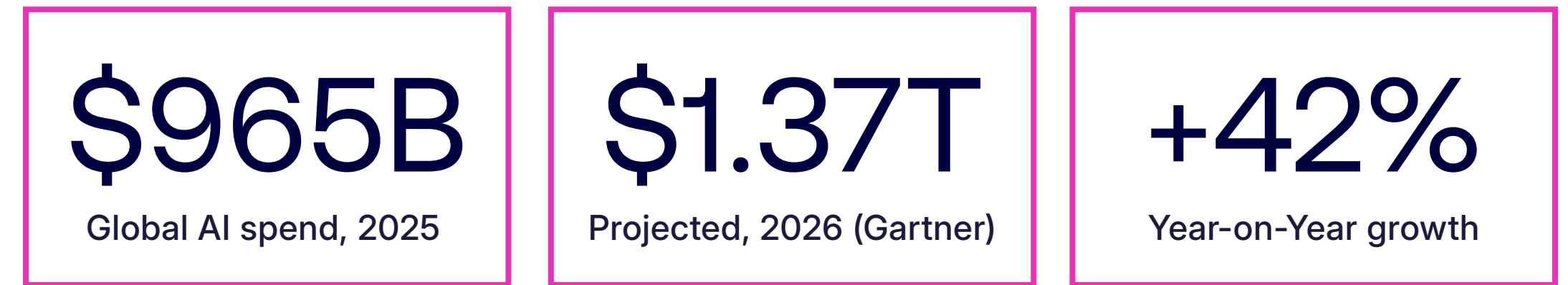
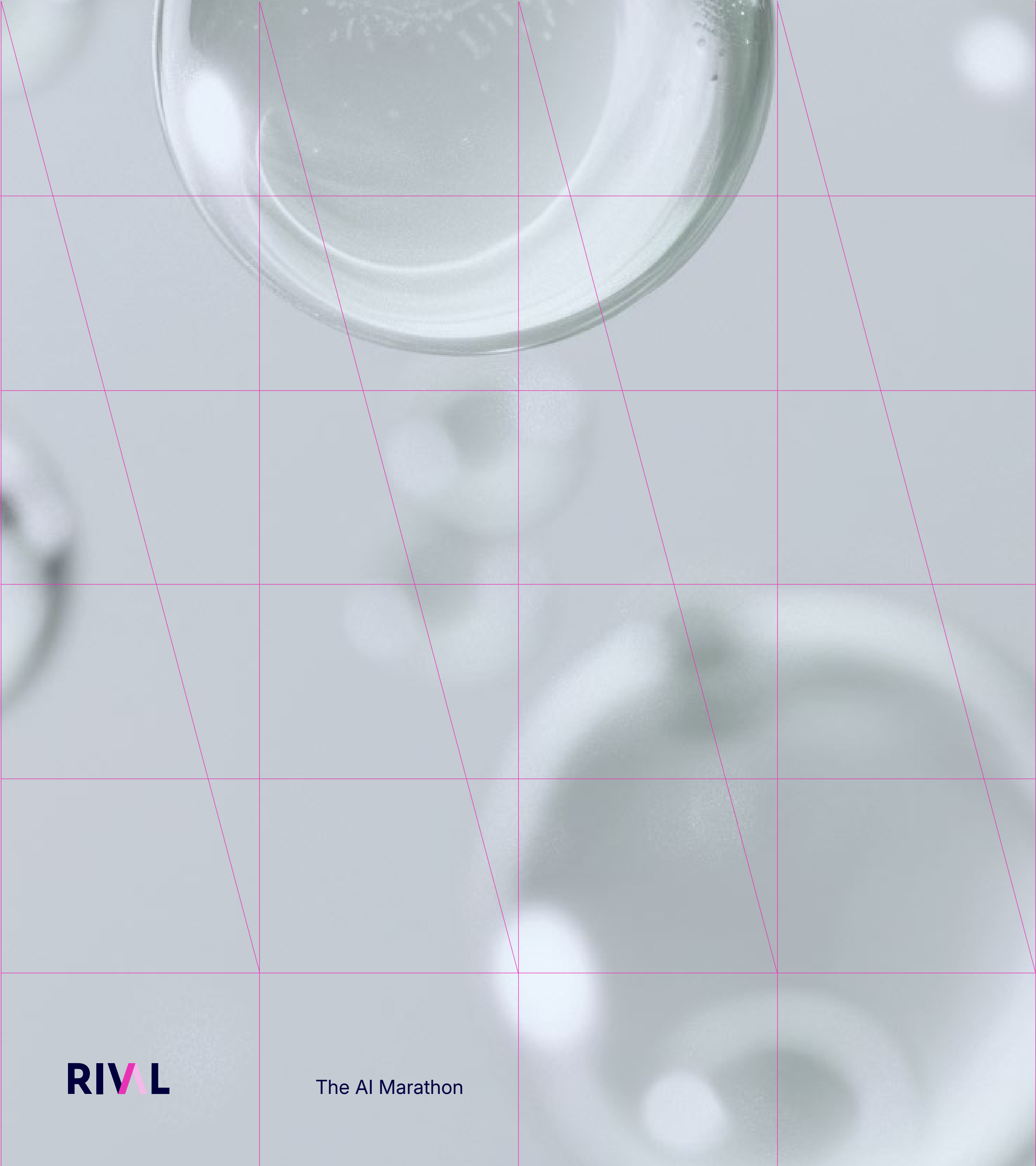


FIGURE 2: R&D ARMS RACE AMONG AI AND TECH COMPANIES



This is not new. The Dot-com bubble followed the same pattern, part of a predictable cycle where capital, attention, and narrative surged ahead of proven value, as described by the Gartner Hype Cycle. When the cycle was corrected, the damage extended far beyond technology. Markets fell, spending contracted, labor markets faltered, and industries built around the boom struggled to adjust. Even eventual winners such as Amazon and eBay endured years of pressure before recovery, while many companies that scaled back or abandoned digital transformation never recovered.

Skepticism, at the time, was often loud and confident. Some dismissed the internet as a fad and reallocated accordingly. Many of those companies did not survive long enough to be proven wrong. For today's marketing leaders, the lesson is not to dismiss the technology, but to be precise about where and how it is applied, both in the short-term and, more importantly, over the long-term.

The same conditions are now in place. The bottom may be distant, and so may the peak. Advantage for CMOs will not come from predicting either, but from responding to present conditions with clarity and discipline. Most incumbent organizations and brands approach it as a sprint, chasing immediate results and visible wins.

Challenger brands and challenger CMOs take a different approach, treating AI as a marathon, not a sprint, where real advantage comes from endurance; building capability, strategy, and insight with patience and discipline over the long-term. The first thing a long-term view requires is honesty about what most AI activity currently looks like in practice. Before examining what to build, it is worth being clear about what to avoid.

# The Warning Label

# Innovation Theater

Activities that give the appearance of innovation without producing meaningful outcomes.

Marketers often jump on new technologies without understanding their real impact. Early-stage innovations draw capital, attention, and hype long before they deliver value, a pattern that the Gartner Hype Cycle (Fenn and Raskino, 2008) makes clear.

Recent examples from the Web3 cycle illustrate the risk. Blockchain, Web3, and related technologies have promising applications - real-time settlement and exchange will likely transform banking. Yet enterprise blockchain initiatives consistently fail. Even IBM and Maersk's TradeLens, which cut paperwork costs by 70 to 90 percent and shipping times by 40 percent, was shut down in 2022 for failing to achieve commercial viability (Maersk/IBM, 2022).

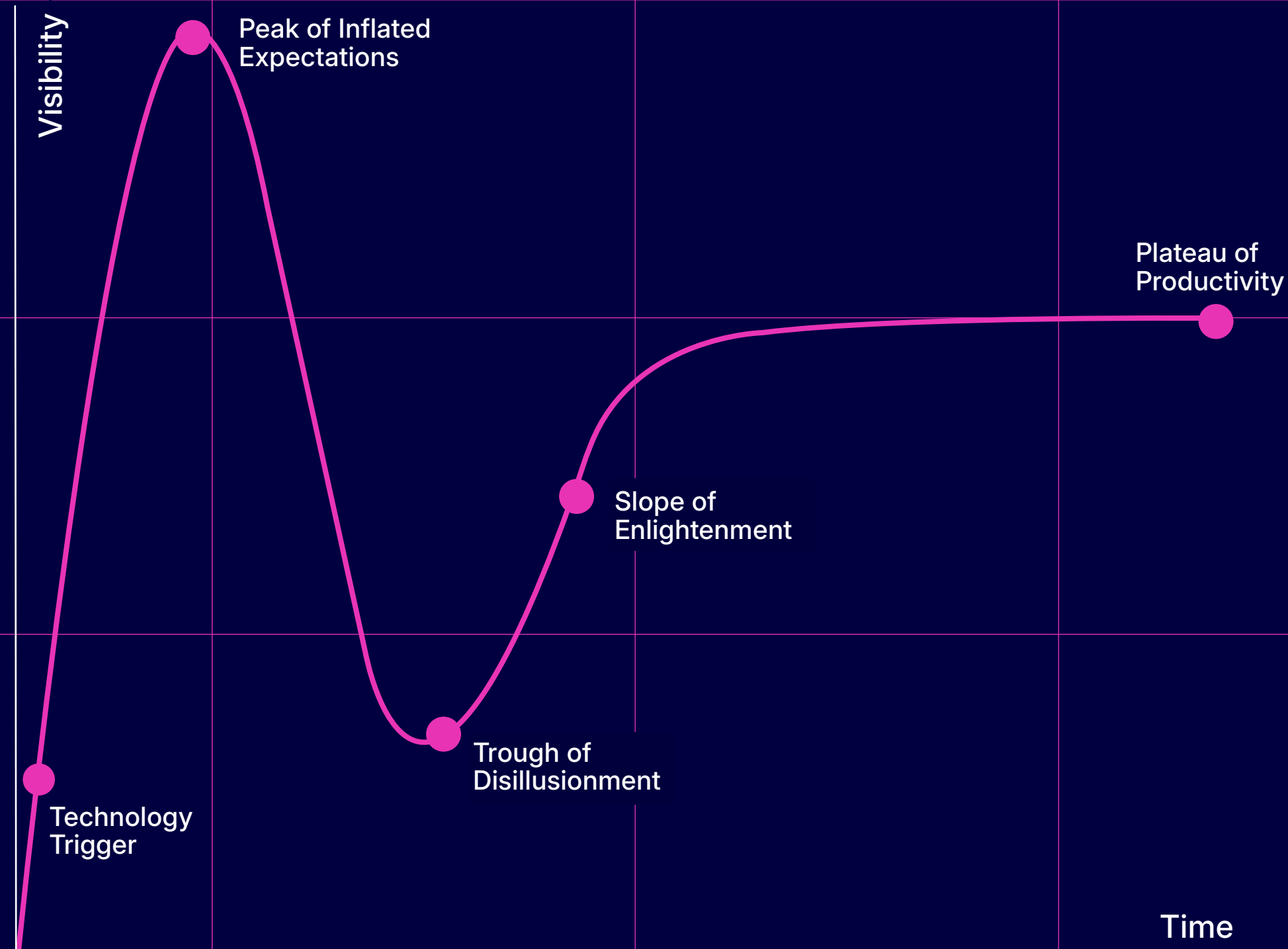


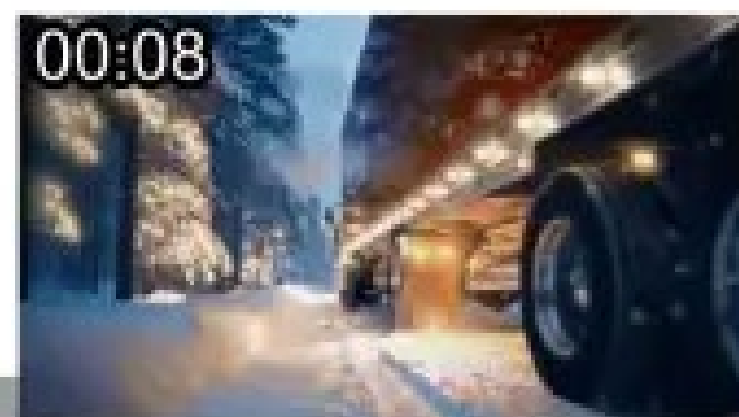
FIGURE 3: GARTNER HYPE CYCLE

Most pilots are designed to impress, not perform. They flaunt buzzwords, ignore integration with core business processes, and lack a path to lasting adoption. Gary Marcus, a long-time AI critic, predicted in January 2025 that companies will continue experimenting with AI, but scaling production-grade systems in the real world will remain tentative (Marcus, 2025).

Marketing organizations often fall into innovation theater. “Shiny object” campaigns built entirely by AI grab attention for the technique, not the outcome. Coca-Cola’s AI-generated holiday campaign exemplifies this. The discussion focused on novelty, glitches, and rendering errors rather than real marketing impact. Trucks appeared with extra wheels, dimensions varied wildly across shots, and social media labeled the effort “AI slop” and “soulless” (The Verge, 2025). CMOs need to recognize a simple truth: experimenting with AI is not enough. Real advantage comes from applying AI in ways that create meaningful, lasting results.



FIGURE 4: COCA-COLA | HOLIDAYS ARE COMING |  
2025 AI GENERATED TRUCK VARIATIONS THROUGHOUT THE VIDEO



“

It's Schrodinger's Truck. It can be short or long, depending on the timecode you stop at.  
– (X, 2025)

“

The AI truck is different in every shot.  
– (The Drum, 2025)

“

In some shots, the trucks feature an extra row of wheels in the middle; in others, three wheels are clustered.  
– (PRWeek, 2025)

“

The best ad I've ever seen for Pepsi.  
– (YouTube commenter)

“

The Verge called it an “eyesore,” while social media users dubbed it “AI slop” “creepy” and “soulless”.



Customer gimmicks offer another form of innovation theater. AI is often applied to experiences before it reaches the core, creating friction rather than clarity. Common examples include shallow “AI personalization,” assistants that fail to solve real tasks, or novelty features that impress in demos but deliver little in practice (Gartner, 2025). For marketing leaders, these efforts waste resources and risk eroding the trust of customers and stakeholders. Customers tolerate learning in public if competence is evident, but unfinished AI reads as sloppy automation.

The challenge runs deeper than execution and may not be one that can be solved with time and money alone. Nearly a trillion dollars has been invested in this technology, and some of the fundamental problems still have not been solved, with no clear indication that they will be. Gary Marcus, in his August 2025 essay on AI agents, noted that the technology has “failed to yield systems that can reliably handle your calendar or your bank accounts” (Marcus, 2025). He emphasized that current systems, “traffic only in the statistics of language without explicit representation of facts & explicit tools to reason over those facts,” meaning, “there’s no principled solution to hallucinations” (Marcus, 2024). For CMOs evaluating AI pilots, this underscores that appearances of innovation cannot substitute for meaningful outcomes.



The most expensive innovation theater is invisible to the market. AI task forces without operational owners, innovation labs generating demos that cannot change workflows, and dashboards designed to reassure leadership rather than inform decisions all fall into this category. Structural problems such as lack of integration, no baseline, no measurable hypothesis, and no scaling threshold make the work appear like progress but prevent it from becoming practice. Challenger brands and marketing leaders face real consequences: long-term stakeholder buy-in erodes, competitiveness suffers, and organizational scar tissue forms. After repeated shallow pilots, even serious programs are labeled “another AI thing.” Budgets tighten, teams grow cynical, and the organization’s ability to adapt is compromised.



Sometimes theater emerges from well-meaning teams. At other times, it is driven by parties incentivized to sell certainty, scale, or salvation before foundations exist. Either way, the result is the same: attention without value, and resources diverted from initiatives that could actually move the needle for the organization or brand.

Not all of this misdirection is self-inflicted. Some of it is structural, a predictable result of operating in an ecosystem where several categories of operators have incentives fundamentally misaligned with the organizations and marketing leaders they serve.

# Bad Actors

## Our Cast:

In periods of extreme technological acceleration, harm rarely comes from malice. It emerges from misaligned incentives, power asymmetries, and rational actors optimizing for outcomes that are not aligned with the organizations they seek to impact. These groups are not villains, but when things go wrong, brands and marketers are often left absorbing the damage.

## Core AI Companies:

Meta. Anthropic. OpenAI. Alphabet. The names that sit at the center of the AI arms race building foundational models, platforms, and infrastructure. Their battles over capability, scale, and dominance are existential and capital-intensive. Meta has committed roughly \$600 billion in U.S. infrastructure investments by 2028 (Business Insider, 2026), and capital expenditures among major AI hyperscalers, including Amazon, Alphabet, Microsoft, and Meta, are projected to exceed about \$650 billion in 2026, with the vast majority of that spend tied to new data centers, GPUs, networking, and other AI infrastructure (Bloomberg, 2026). These battles are mostly invisible to end users, but the consequences are real for brands and marketing leaders.

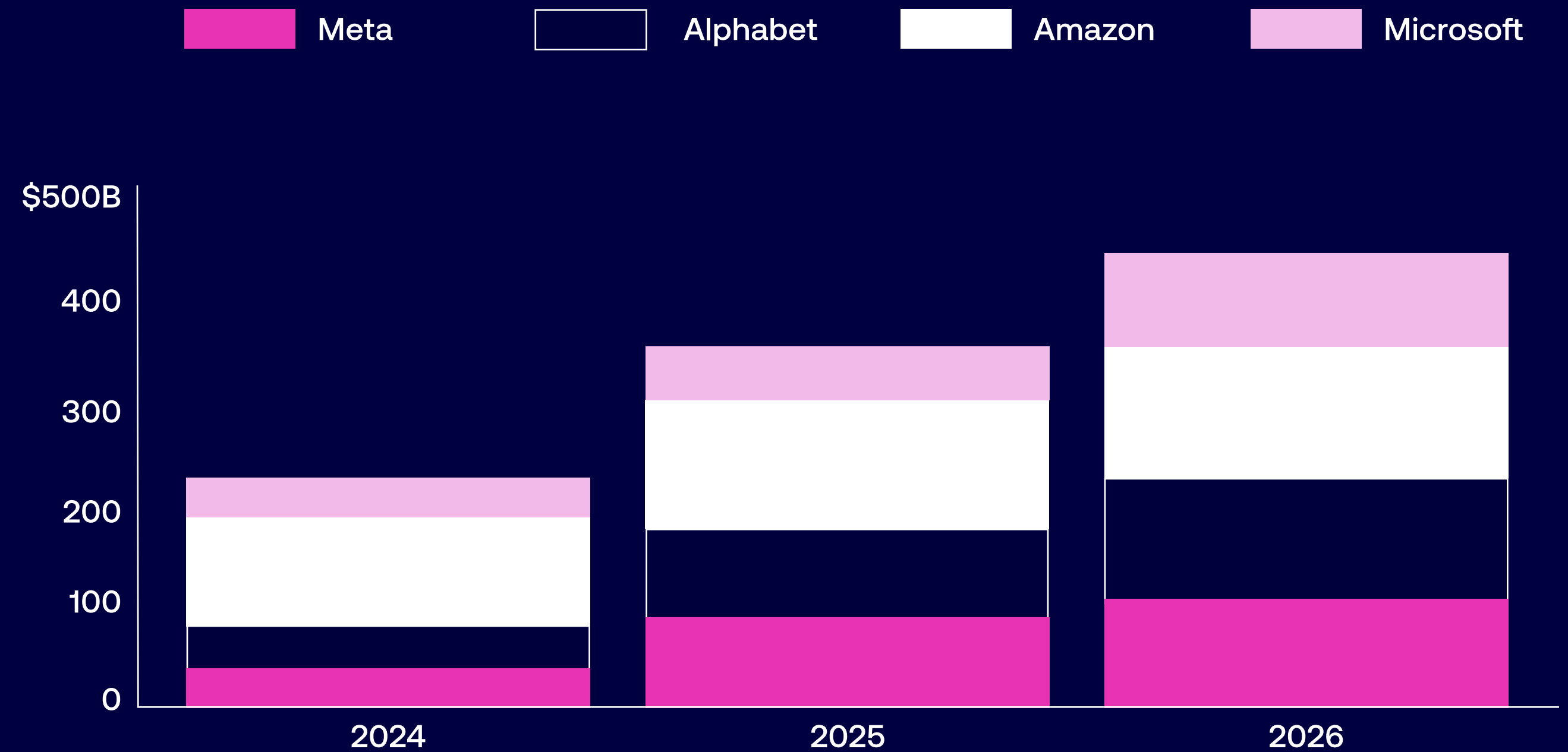


FIGURE 5: BIG TECH AI INFRASTRUCTURE CAPEX PROJECTIONS, 2026

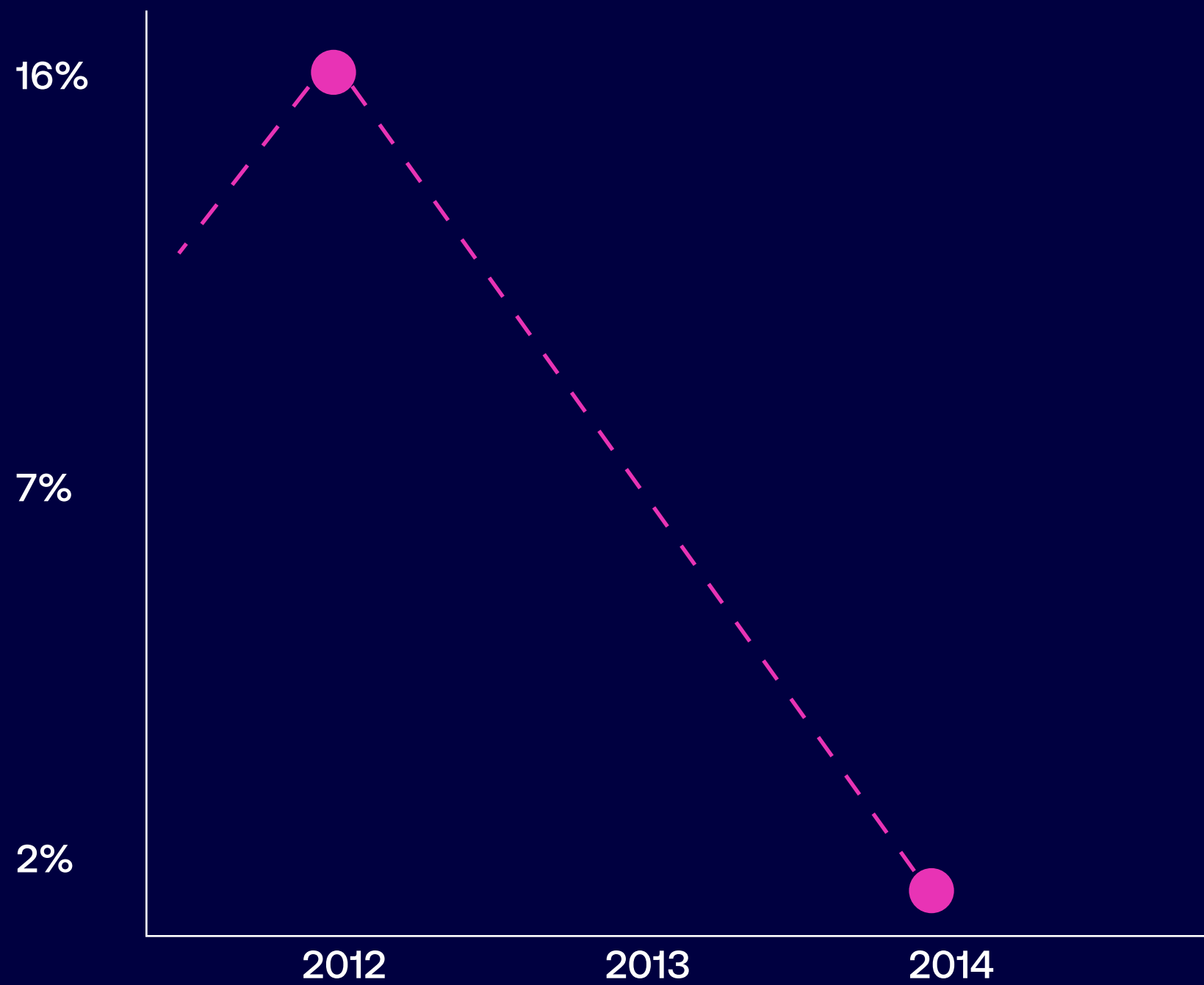


FIGURE 6: FACEBOOK ORGANIC COLLAPSED 87% IN TWO YEARS - ERASING YEARS OF AUDIENCE-BUILDING INVESTMENT

Their incentives are misaligned with brand resilience (Gartner, 2025). Products are designed to drive adoption, engagement, and usage at scale, not to ensure long-term stability for client organizations (MarTech, 2025). For this group of actors, success is measured in growth, more prompts, more tokens, and more integrations, rather than durability or operational robustness (The Verge, 2025). For CMOs, understanding this misalignment is critical when integrating AI tools into their operations.

### General Technologists:

History shows how platforms behave when left unchecked. Brands remember when Facebook encouraged buying page “fans,” only for organic reach to fall from 16% to 2% between 2012 and 2014 (The Drum, 2014), erasing years of audience-building investment (Slideshare, 2014). Google algorithm changes have proved equally brutal. Business Insider lost 55% of search traffic and cut 21% of staff (Business Insider, 2026), while other publishers report declines without warning (Yahoo! Finance, 2025). Platforms now act as rent-seekers, extracting value rather than creating it.

The obvious conclusion for brands is that anchoring any business or marketing strategy to a single provider is foolhardy. Early traction from generative search is promising, but going all-in on one platform remains risky.

## Consultancies:

The consultancy ecosystem has joined the AI gold rush, touting large armies of “AI experts,” transformation roadmaps, and promises of organizational reinvention. McKinsey, for example, deploys 25,000 AI agents alongside 40,000 human employees while promising rapid transformation (Business Insider, 2026).

Two problems arise. True AI expertise is scarce, particularly at the intersection of technology, data, and operational change. As Meredith Whittaker told WIRED in 2024, “AI is a marketing term, not a technical term of art” (WIRED, 2024). Competence takes time, iteration, and context. Consultancy incentives often reward complexity over clarity. Multi-phase programs and proprietary frameworks can appear to deliver progress while quietly delaying real value.

External partners are valuable, but brands should be wary of strategies that are too abstract, too complex, or dependent on ongoing interpretation. If a transformation cannot be explained simply, it is unlikely to survive contact with reality. Part of what makes AI strategies hard to explain is that the technology itself is widely misunderstood. Before making consequential decisions about where to invest and what to trust, CMOs need a clear-eyed view of what these systems actually are and what they cannot do.





# AGI is Barely “G,” and Certainly Not “I”

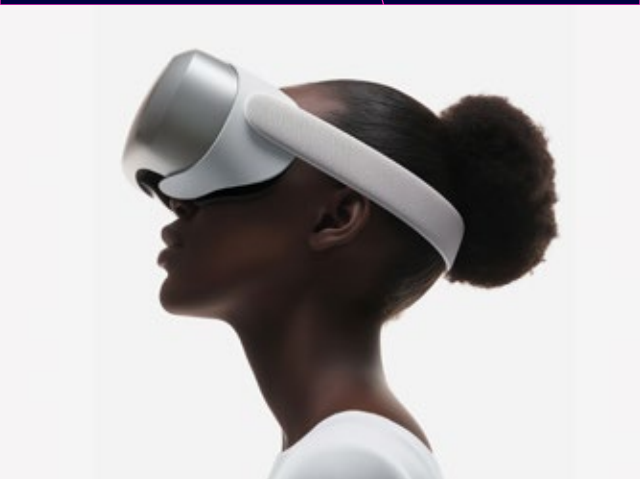
Most marketing leaders overestimate what large language models can actually deliver. CMOs must grasp this reality to make informed choices about where to invest and which tools to rely on.

For better or worse, LLMs are prediction engines built on statistical probabilities. They process data inputs and datasets to predict the next most probable word, sentence, or paragraph. Reasoning, understanding, and contextual nuance remain the remit of true intelligence, which is still uniquely human. Cognitive scientist Melanie Mitchell has argued that AI systems can appear capable while still failing at tasks that require genuine understanding, context, or common sense (Mitchell, 2019). The appearance of intelligence is not the same as its presence.

Yann LeCun, one of the architects of modern deep learning, has been equally direct. In a 2024 TIME interview, he described current LLMs as lacking grounded understanding of physical reality, genuine reasoning capability, or persistent memory. They are powerful but fundamentally limited prediction tools, not the general intelligence the popular narrative implies (TIME, 2024).

Most public LLMs are trained on broadly overlapping datasets and optimized toward statistically probable outputs. Organizations using similar tools in similar ways tend to produce similar results. These structural limitations are not bugs; they are architectural realities (Marcus, 2024). Brands that treat AI as a differentiator on its own are building on a foundation competitors can replicate. Convergence becomes the default when organizations rely on the same models and similar data. True differentiation comes from how proprietary data is applied, how human talent shapes outputs, and how creative judgment produces work competitors cannot replicate.





# Regulation Always Lags Innovation

The law runs behind technology. Innovation moves at the speed of code, regulation at the speed of committees.

AI brings a library of regulatory risks that every marketing leader must consider. Copyright and fair usage questions already have the most formidable group of intellectual property lawyers in the world, Disney's, busy day and night. Currently, some AI companies offer indemnity to their clients, but it remains to be seen how this offer will fare in the face of a real test (Google, 2023).

In the absence of settled regulation, the market is already moving ahead. In late 2025, Disney announced a billion-dollar partnership and equity investment with OpenAI, formalizing licensed use of its characters within generative AI tools (Bloomberg, 2025). The deal is notable not because it resolves copyright questions, but because it demonstrates how commercial agreements are beginning to define practical rules of engagement around AI long before courts or regulators do.

Governments will be even slower to get involved in personal data use, environmental impact, algorithmic bias, liability, and a dozen other matters besides (Reuters, 2025). As the current international political landscape shifts, reactions are likely to be materially different and implemented at greater or lesser speed across borders, creating a complex global patchwork of mores and compliance expectations that marketing leaders must navigate.

Regulation in this space does not just mean external legal and regulatory bodies. All manner of internal corporate governance and security will need to be changed and updated with respect to new risks we cannot even imagine yet. But we already know of severe threats impacting teams now.

AI is introducing new and costly risks for brands, from the exposure of proprietary data to highly sophisticated scams and social engineering attacks. In 2024, UK firm Arup lost £20 million after an employee joined a video call where every participant, including the CFO, was a deepfake (The Guardian, 2024). Yet few brands or CMOs have fully realized the risks of being locked into partnerships and platforms that may in the future extract massive taxes on growth.



The opportunity for marketing leaders is not in chasing every shiny object but in shaping strategy with focus, discipline, and patience. Marketers need to ask themselves:

**“WHERE CAN AI ACTUALLY MOVE THE NEEDLE?”**  
and **“WHERE IS IT JUST THEATER?”**

Answering them requires honesty, clarity, and the courage to resist conventional thinking. What follows is a lens for seeing what matters, a guide for separating fleeting spectacle from sustainable advantage, and a blueprint for turning insight into action. This is how brands survive the bubble and build real, lasting edge.



# The Challenger Mindset

## We are in a race. This race is one of endurance: not a sprint, a marathon.

There is a version of the AI story being told in boardrooms everywhere right now. It goes something like this: AI is transforming everything, competitors are moving fast, and any organization not visibly deploying it is already behind. The pressure this creates for CMOs is real, and the instinct it produces is understandable. When a technology arrives with this much momentum, the natural response is to sprint toward finding a way to utilize it.

That instinct is wrong. Not because urgency is misplaced, but because the nature of this particular technology demands a fundamentally different approach. AI is not a feature to be shipped, a campaign to be launched, or a pilot to be presented at the next board meeting. It is infrastructure. And infrastructure, by definition, is built for decades, not quarters. Winning in a way that matters requires treating it as a marathon.

	<b>SPRINT</b> Incumbent Mindset	<b>MARATHON</b> Challenger Mindset
<b>TIME HORIZON</b>	Quarters. Visible wins for the next board deck.	Decades. Foundations that compound over years.
<b>PRIMARY INVESTMENT</b>	AI models and tools. What's newest and most visible.	Data pipelines, RAG systems, proprietary knowledge of layers.
<b>SUCCESS METRIC</b>	Pilots launched. Content volume. Demo impressiveness.	Value hypothesis met. Baseline improved. Scaled or stopped.
<b>DATA STRATEGY</b>	Public models or generic inputs. Whatever ships fastest.	First-party data structured, cleaned, & connected as the AI input layer.
<b>CREATIVE APPROACH</b>	AI as the differentiator. Novelty as the story.	Human taste as the differentiator. AI as the production engine.
<b>TALENT MODEL</b>	Headcount reductions. AI as a cost lever.	AI frees human capacity for the higher-value creative & strategic work.
<b>RISK MODEL</b>	Innovation theater. Stakeholder cynicism. Brand coverage.	Slower early momentum. Organizational patience required.
<b>OUTCOME</b>	<b>COMPETENT. REPLACEABLE. CONVERGED.</b>	<b>DISTINCTIVE. COMPOUNDING. DURABLE.</b>



## This is not like the technology that came before.

Every major technology wave of the past thirty years rewarded early movers who could identify a discrete application, deploy it quickly, and capture advantage before competitors caught up. Social media offered a new distribution channel. Mobile unlocked a new context. Programmatic advertising created a new efficiency layer. Each of these represented a meaningful shift, but each was ultimately additive, and organizations could bolt them onto existing ways of working without fundamentally restructuring how they operated.

AI is different in kind, not just degree. It is not a channel, a tool, or a platform that sits alongside existing infrastructure. It is becoming the infrastructure itself, embedded into core systems, workflows, data pipelines, and decision-making processes across every function of a marketing organization. The organizations that treat it as the former will find themselves continuously chasing a moving target, doomed to deploy point solutions and discrete pilots that never compound into genuine advantage — the “innovation theater” that was cautioned against earlier. The organizations that understand it as the latter will build with a different time horizon, a different tolerance for foundational investment, and a different definition of what progress looks like.

This distinction also explains why the sprint mentality produces so much innovation theater. When AI is treated as a series of sprints, the incentive is to show visible output quickly: a campaign, a demo, a proof of concept that can be presented upward. When AI is treated as infrastructure, the incentive shifts toward building the foundations that make everything else work, even when those foundations are invisible, unglamorous, and difficult to attribute in the short term.

The mission at Rival is to document the playbook of successful challenger brands to understand the future of marketing that is already here, just not evenly distributed. The term challenger brand has a specific meaning. It is not defined by size, budget, or market position, but by mindset. A willingness to question category conventions, take considered risks, and pursue out-sized impact, regardless of any available resources.

The brands that build durable advantage are not those that react hastily to every new development. They maintain a clear sense of what they are building toward and make decisions in service of that long-term vision, including decisions about AI.

The organizations and marketers who win will also understand the operational changes required across internal teams and external partners, including agencies and consultancies, to navigate this marathon effectively.

This is what challenger thinking looks like in the AI era. Not skepticism about the technology, and not uncritical adoption of it. A disciplined, strategic orientation that asks not just what AI can do, but what it should do in service of a specific brand, a specific customer, and a specific competitive position.

Rival's approach reflects this principle. The model focuses on integrating technology and AI around small, senior teams, enabling them to apply the challenger brand playbook to blue-chip organizations at scale. The goal is not to hand clients a set of AI tools and a roadmap. It is to help marketing organizations build the strategic foundations, data infrastructure, human capabilities, and creative conviction that make AI genuinely productive rather than performatively busy. The difference between these outcomes is not a matter of technology. It is a matter of mindset.

The most consequential AI investment a marketing organization can make is invisible to the market. The marathon mentality requires understanding where your teams currently spend their effort, the level of effort on every recurring task, and weighting that against the estimated time saved, cost reduced, and quality gained through automation. Not everything should be automated, and not everything should be automated now. CMOs who treat AI as a sprint will keep launching pilots that look impressive and go nowhere. The ones who invest in data pipelines, RAG systems, and proprietary knowledge layers, and who prioritize ruthlessly based on where the real leverage sits, are the ones who will still be compounding advantage five years from now.

# Why is it a Marathon?





Cultural Revival  
**CROCS**

The brand everyone mocked then everyone wore

\$4bn+ revenue

Crocs spent years being mocked before the cultural conditions and strategic conviction aligned to produce one of the most remarkable brand revivals in recent memory.



Community-built Label  
**REPRESENT**

The £100m British label that discipline built

£100m turnover

Represent grew from a small British label to a £100 million business through disciplined community building and emotional consistency.



Category Creation  
**HYROX**

The sport that did not exist until someone built it

New category • ~10 years

HYROX built an entirely new sports category over nearly a decade before the market caught up with the vision.

In the Rival 50, Rival’s annual index of the top 50 global challenger brands, brands were evaluated across three pillars: Differentiation, Relevance, and Talkability. The challenger brands that consistently outperform across those pillars are not those that won a single moment or deployed a single innovation. Brands like Crocs, Represent, and HYROX built their positions over the years, through consistent accumulation of the right decisions rather than any singular breakthrough. Crocs spent years being mocked before the cultural conditions and strategic conviction aligned to produce one of the most remarkable brand revivals in recent memory. Represent grew from a small British label to a £100 million business through disciplined community building and emotional consistency. HYROX built an entirely new sports category over nearly a decade before the market caught up with the vision. None succeeded through chasing every new platform or trend.

The parallel for AI is direct. The organizations that will look back on this decade as the period in which they built a durable competitive advantage are not those that generated the most AI content in 2026, or deployed the most pilots, or announced the most ambitious transformation programs.

CMOs must treat this as a long game. It requires a different kind of organizational patience than most AI commentary currently encourages. It requires resisting the pressure to demonstrate visible momentum at the expense of building real capability. And it requires leadership willing to make the case, internally and externally, that doing this properly is more valuable than doing it quickly.



The race has already started. The question is not whether to run, but whether marketing leaders will choose to treat it as a sprint or the marathon it actually is. The organizations that get that distinction right in the next two to three years will have built an advantage that compounds for the decade that follows. The marketing leaders who do so will be those who built with clarity and discipline from the start, because they began with understanding what actually needed to be built.

# The Three Layer Model

The organizations that will win over the next decade are not those with access to the flashiest models. They are the ones that sustain investment in the right conditions for AI to produce differentiated outcomes, focusing effort where it will matter most. As Rival's Chief Product Officer Kostas Voudouris notes, endurance alone is not enough; advantage comes from knowing what to prioritize, and committing to it over time. For most CMOs, that means thinking in three layers: the data that feeds AI, the AI systems themselves, and the human talent that turns outputs into advantage.

Miss any one, and the other two will underperform. Get all three right, and the compounding effect is significant.

FIGURE 7: RIVAL'S THREE LAYER MODEL

LAYER 3

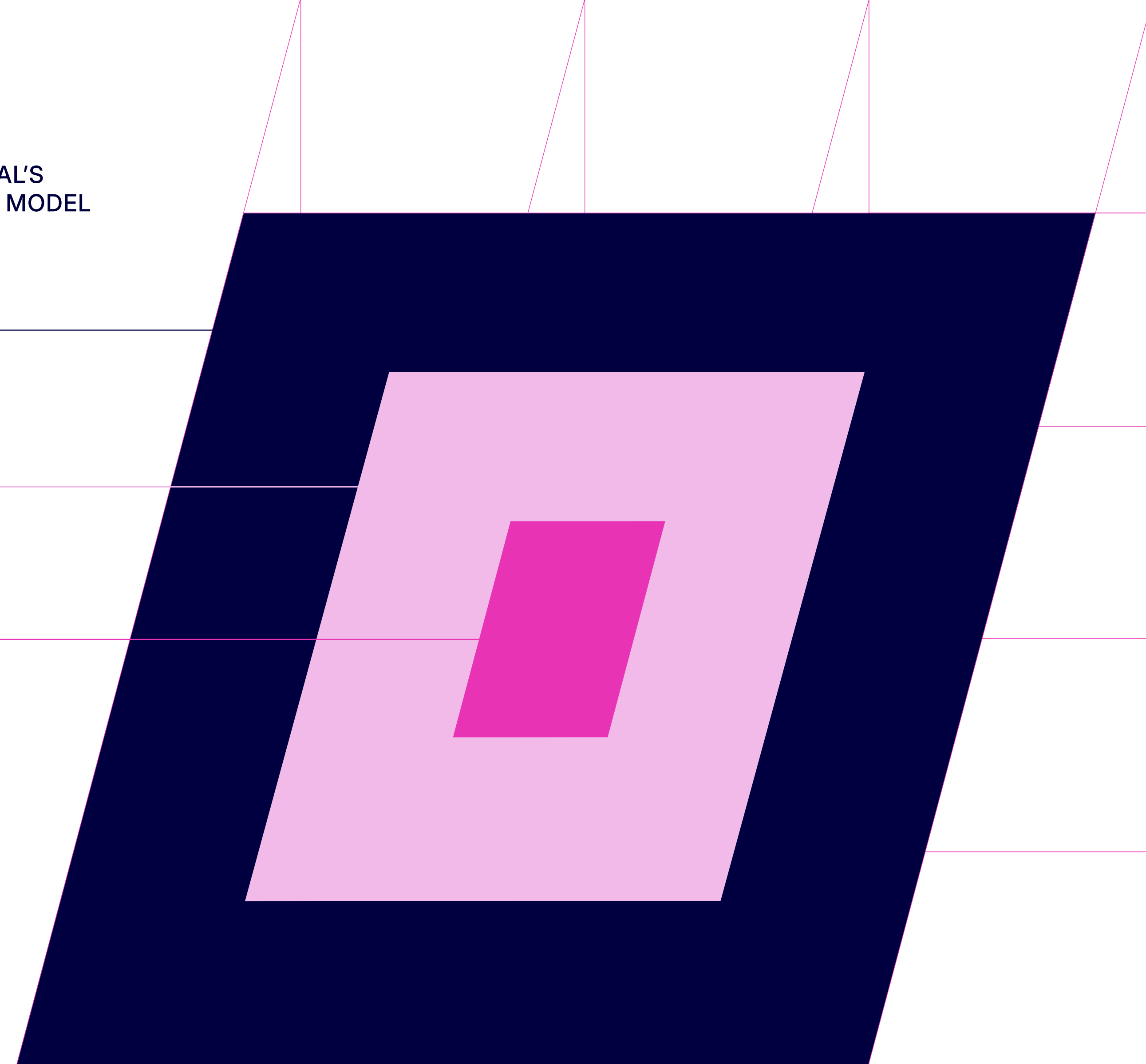
Human Talent

LAYER 2

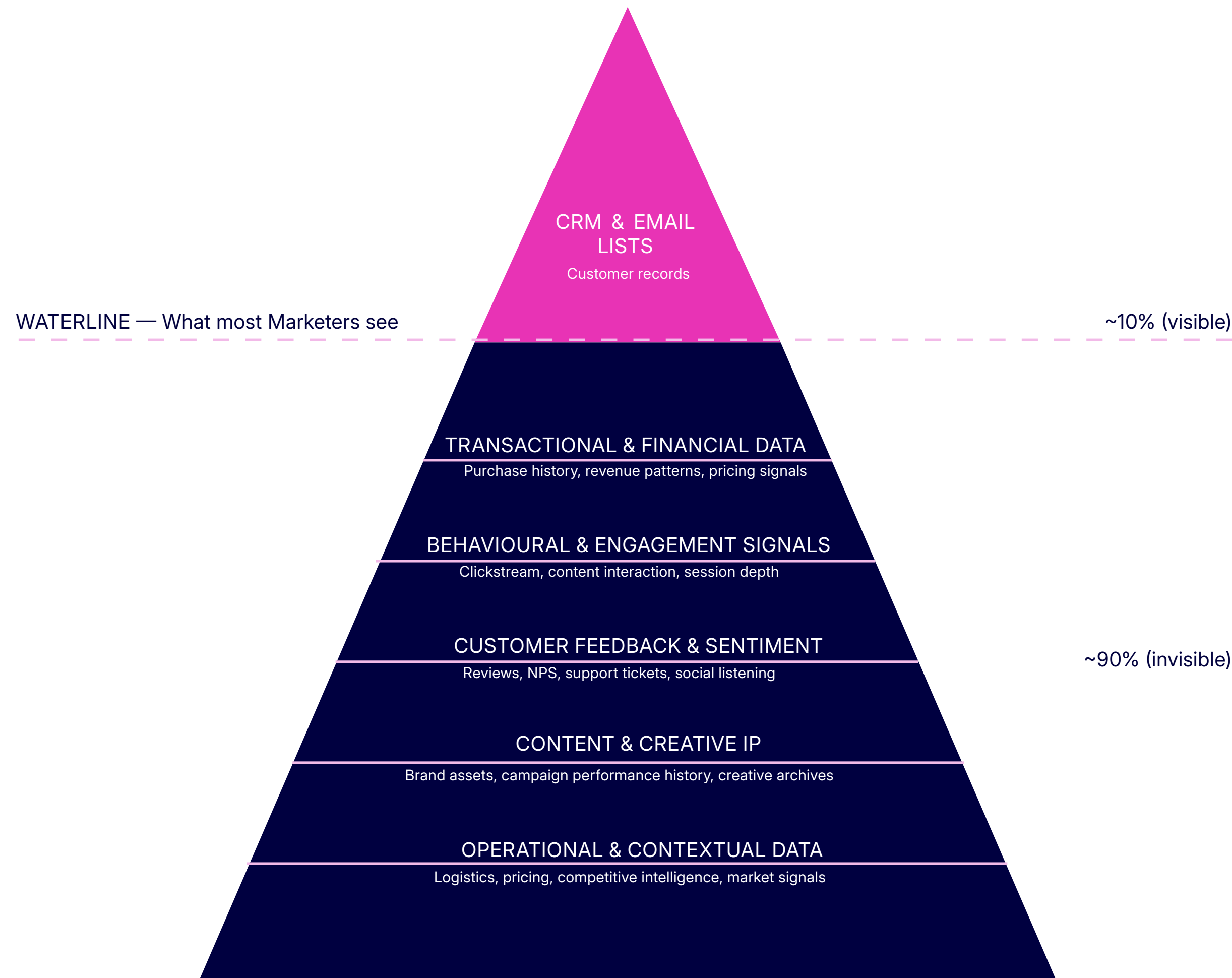
AI Systems

LAYER 1

First-Party Data



# Layer 1: First-Party Data The Foundation



Most organizations have more data than they need, but are using far less of it than they should.

What most marketers call first-party data is only the tip of the iceberg. First-party data is commonly understood in fairly narrow terms: customer lists, email addresses, and CRM records. This framing must change because it dramatically undersells what most organizations actually possess.

First-party data is the full body of knowledge a company holds about its business, its customers, and the relationship between them. This includes transactional and financial data, behavioral and engagement signals, customer feedback and sentiment, content and creative IP, operational and contextual data, and more. Most organizations are sitting on a data lake of extraordinary depth, much of which has never been structured, connected, or made usable.

Most organizations are sitting on a data lake of extraordinary depth.  
The quality of inputs determines the quality of outputs.

This matters enormously in the AI era for a straightforward reason:

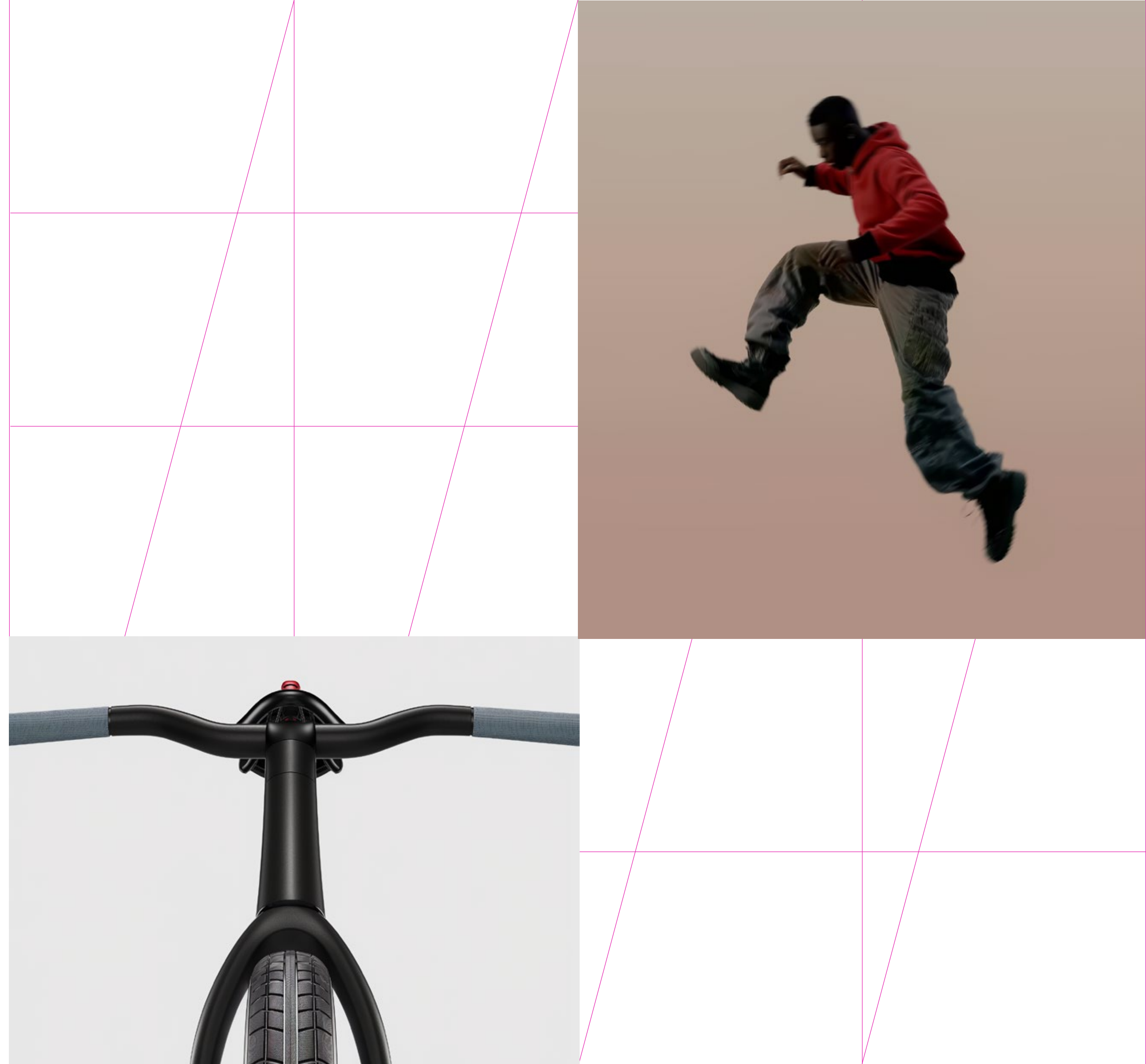
**the quality and distinctiveness of inputs determines the quality and distinctiveness of outputs.**

(McKinsey, 2025).

Public AI models like Claude, Gemini, and ChatGPT are trained on broadly overlapping datasets, and without proprietary input, they produce broadly similar outputs (Benedict Evans, 2025). Competent, polished, and largely indistinguishable from what the competitive set is generating with the same tools.

Getting the data house in order is not a background IT consideration. It is a strategic marketing priority. In practice, this means establishing what data an organization actually holds and where, building the infrastructure to collect, store, clean, and connect it, drawing out genuinely useful insights at the level of functional and emotional need states, not just demographics or broad psychographics, and creating the pipelines to feed structured, high-quality data into the AI systems built on top of it.

None of this is glamorous work. But without it, everything built in the layers above is compromised from the start. The role of the CMO is expanding, requiring equal comfort with integrating data and analytics into the core marketing function and leading the creative agenda.



## DATA & RAG INFRASTRUCTURE

Proprietary data, pipelines,  
and RAG grounding layers.

The foundation

## CORE SYSTEMS

AI embedded into operational  
backbone across every function.

The backbone

### AI SYSTEMS

## CUSTOM MODELS

Brand-specific models trained  
on first-party data. The moat.

The differentiator

## AGENTIC WORKFLOWS

Autonomous systems managing  
entire workflows end-to-end.

The multiplier

# Layer 2: AI Systems The Engine

LLMs are not the whole picture. For most organizations, they are not even the most important part.

Large language models and asset generators receive the overwhelming share of attention. It makes sense. Everyone is slightly partial to an absolutely bonkers AI-generated image. Familiarity with these tools is necessary, but for most non-tech organizations, competence in prompting public AI platforms is not a sufficient strategic position. It is rapidly becoming table stakes.

The AI layer for CMOs over the next decade is better understood as four interconnected domains:

## DATA INFRASTRUCTURE AND ENABLEMENT

The least visible domain and the most foundational. Data centralization, pipeline architecture, real-time streaming, governance, security, and privacy tooling are the conditions without which everything above either underperforms or breaks. As Rival's Chief Product Officer, Kostas Voudouris notes, this is also the infrastructure that gives AI models access to proprietary data before they begin reasoning. This is the principle behind Retrieval-Augmented Generation, or RAG, where relevant internal data is retrieved and provided as context before a model generates a response. Without that grounding, a large language model produces generic outputs from generic inputs, falling into the convergence trap. At Rival, this approach underpins Rival Intelligence, where AI agents and RAG systems are applied to proprietary competitive data so that every answer is informed by context no competitor can replicate. But as Voudouris emphasized earlier, building infrastructure without prioritization is its own form of waste.

## AI-ENABLED CORE SYSTEMS

AI is becoming embedded into the operational backbone of organizations across nearly every category. Demand planning, promotion optimization, customer service routing, and content management are all changing. This is less visible than a generative AI campaign, but its cumulative impact on marketing efficiency and effectiveness will be greater. As Salesforce CEO Marc Benioff noted, AI agents are now handling between 30 and 50 percent of all internal work within Salesforce (Bloomberg, 2025). The baseline for marketing itself is fundamentally shifting.

## CUSTOM AND FINE-TUNED MODELS

This is where the strategic moat is built. Brand and company-specific models, trained on proprietary first-party data, create differentiated outputs that public models cannot replicate. Some organizations will develop these in partnership with frontier AI companies, with Lionsgate's partnership with Runway as an early example of what this looks like in practice (Lionsgate/Runway, 2024). Others will invest in open-source development, which offers greater control over sensitive data and IP and reduces the risk of over-dependence on any single platform whose future pricing, terms, or survival remains uncertain. Rival's investment in Rival Intelligence reflects this shift, combining nearly five years of work, 500+ CMO interviews, and over 10,000 hours of challenger brand research into a platform designed to inform output at scale.

## AGENTIC WORKFLOWS AND AUTONOMOUS SYSTEMS

The most significant near-term productivity gains in marketing will come from agents that can manage entire workflows with limited human intervention. Campaign trafficking, reporting, content localization, and audience segmentation are beginning to be managed end-to-end by automated systems. This is where efficiency gains become transformational rather than incremental.

# Layer 3: Human Talent The Ceiling

AI raises the floor. Human talent raises the ceiling.  
The winners will invest in both.

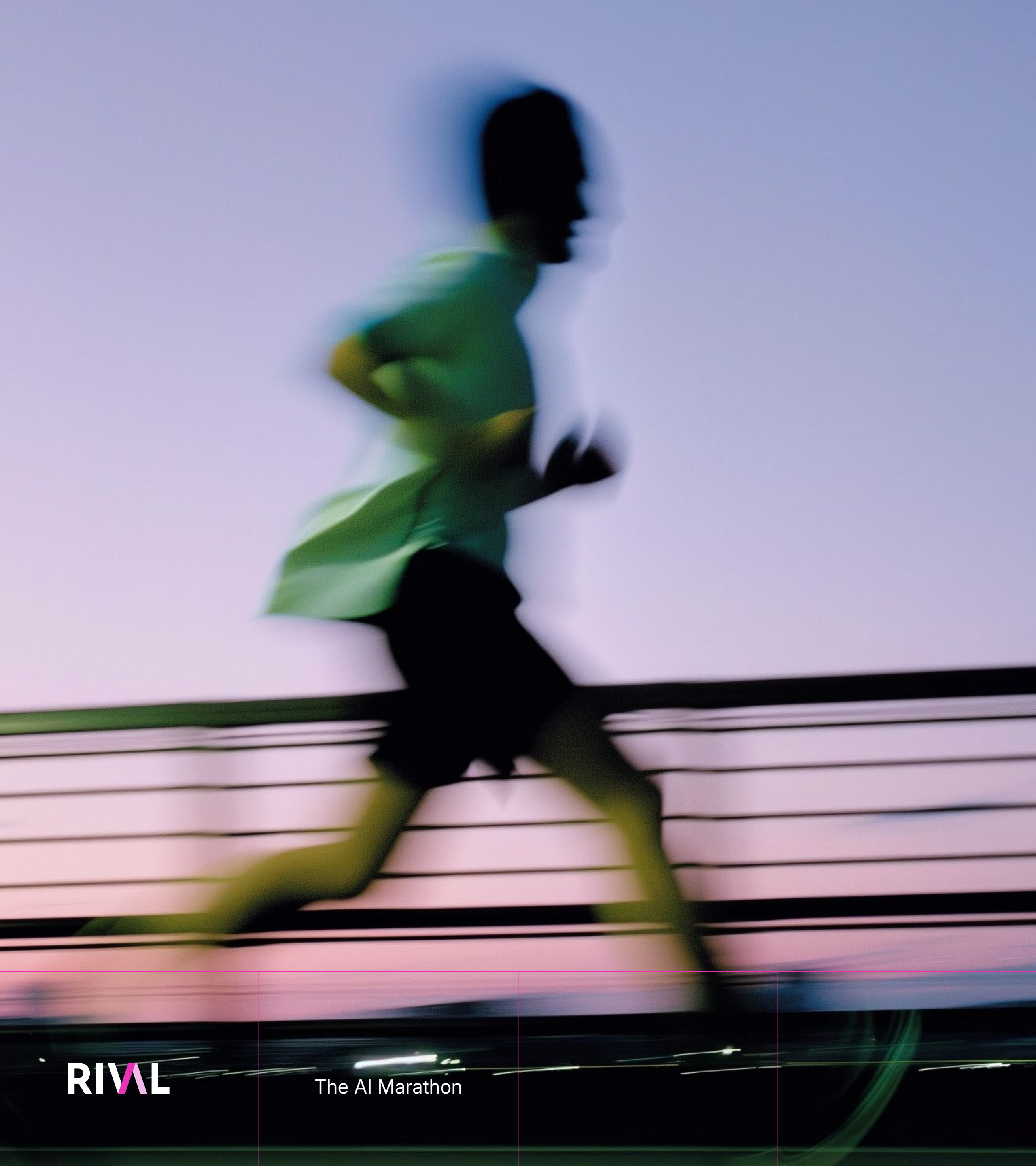
For much of modern marketing history, advantage came from access. Be it talent, tools, production capability, or distribution. Skill gaps mattered, the quality of execution varied, and true expertise was scarce. Now, AI is collapsing many of these differences with alarming speed. The floor has been raised – not just for people, but for machines as well. Now, automated systems generate more internet traffic than humans, accounting for 51% of all web activity (Imperva, 2025).

WEB TRAFFIC

51%

of all web activity is now automated.

FIGURE 8: IMPERVA WEB ACTIVITY



And here is the undeniable truth: when everyone can do something, that thing stops being a competitive advantage. Large language models, image generators, and automation systems are trained on overlapping datasets, optimized toward statistically likely outcomes, and increasingly embedded into the same software ecosystems. In practice, this produces convergence. Organizations using similar tools, in similar ways, arrive at similar outputs. The risk is not that AI produces poor work, but that it produces competent, acceptable work at scale: fast, polished, and increasingly indistinguishable.

The loudest version of the AI story ends with perpetual headcount reductions and automated workflows. Some of that is real and already happening. But the more important and strategically useful version for CMOs is about what gets unlocked when AI absorbs the work that should never have required human creativity in the first place. As Ariel Kelman, CMO of Salesforce, noted on Rival's Scratch podcast, AI is best used to automate the parts of the job marketers should not be spending time on in the first place.

A significant proportion of marketing's current workload is, frankly, misallocated talent. Resizing assets. Trafficking parameters. Reformatting content for multiple placements. These are not creative challenges. They are administrative burdens wearing a creative job title. AI will, and should, absorb them. The question is what happens to the human capacity freed up as a result.

As AI takes over routine tasks, turning this into advantage comes down to how organizations structure and invest in talent across the business.

## AI-Native Teams

Every major technology shift begins as a niche specialism before becoming a general skill embedded across the organization. Organizations no longer have “internet experts” or “social experts.” Digital fluency is assumed. AI will follow the same arc, and the question is how quickly organizations can get there. The goal is not a center of excellence sitting in a silo. It is an organization where AI is embedded in how every function works, every day.

## AI Specialists

Even fully AI-native organizations will need people with deep technical and strategic expertise in AI systems. Individuals who can interrogate outputs critically, identify failure modes, design evaluation frameworks, and push the capability of the tools beyond their default settings. This is a different profile from the AI-native generalist, and genuinely scarce. Winning organizations will identify and retain these people early.





## The Underrated Advantage: Creative Taste

There is another human capability that receives far less attention than either of the above and may ultimately matter more than both: the disciplined development of creative taste.

As generative tools make production faster and easier than at any point in marketing history, a paradox emerges. The easier it becomes to make things, the harder it becomes to make things that are worth making.

This is already visible in how categories are evolving. When every organization has access to the same models trained on the same data and optimized toward statistically likely outputs, the default trajectory is convergence. Competent work. Polished work. Work that is indistinguishable from what every other brand in the category is producing with the same tools in the same ways.

The antidote is not better technology. It is better taste. Judgment, discernment, aesthetics, whatever the semantics, taste is a discipline that must be cultivated.

Consider what this looks like in practice. SATISFY, the Paris-based running apparel brand, has built one of the most distinctive identities in its category not through superior technology or larger budgets, but through a culture of shared aesthetic conviction that runs through the organization. As Chief Brand Officer, Daniel Groh noted on Scratch, culture and talent are the most important factors in building a brand like SATISFY, and it is that collective sense of taste, not any individual tool or channel, that competitors cannot replicate.

Or consider Here We Flo, which built its brand by identifying exactly what its category got wrong and refusing to accept those conventions. While period-care brands spent decades making menstruation invisible, pastel packaging, coded language, and blue liquid in place of red, Here We Flo made it culturally undeniable. The result, most visibly in its partnership with Chelsea FC Women and the “We Don’t Bleed Blue. We Bleed. Period.” campaign, was work that stood out because it was built on a clear, convicted point of view rather than on what the category expected.





# ChatGPT

This is what taste, properly understood, means in marketing. Not just aesthetic preference, but the conviction to identify what a category gets wrong and the judgment to build something around correcting it.

Even the AI companies themselves are confronting this question. OpenAI's first major brand campaign was shot on 35mm film with a traditional creative agency, a deliberate choice to lean into craft at a moment when the industry is racing to demonstrate AI capability.

The tool, as it has always been, is not the differentiator. The person behind it is.

Rival's Chief Creative Officer Tim Cawley puts it plainly: "A mindless hack can strum a tuneless guitar chord. Or Eddie Van Halen can use that same guitar to melt your face off with 'Eruption.' The best creative people have stories to tell, insights to share, and emotions to elicit. AI is just a tool to deliver those outputs."



“A mindless hack can strum a tuneless guitar chord. Or Eddie Van Halen can use that same guitar to melt your face off with ‘Eruption.’ The tool is never the differentiator.”

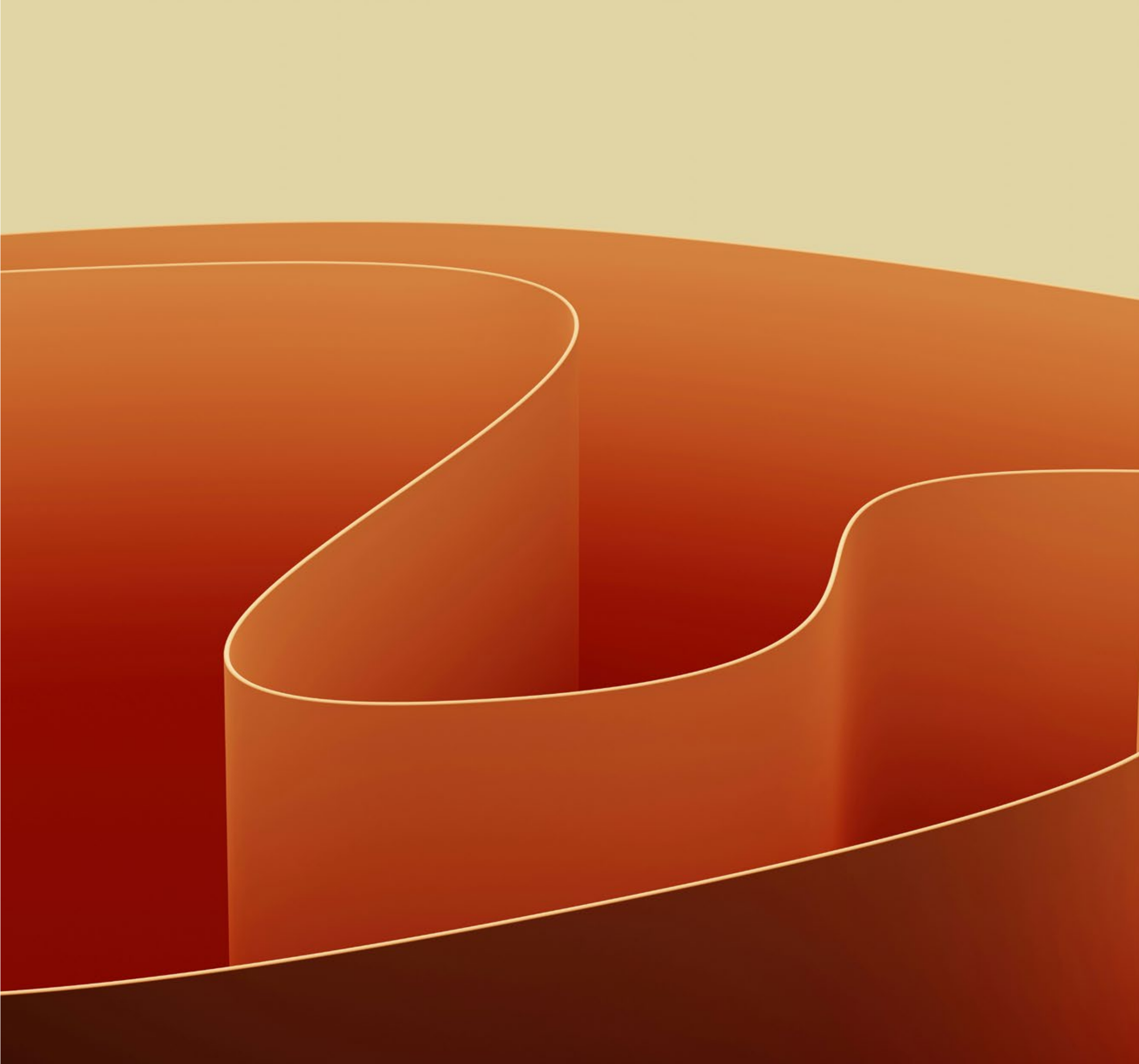
TIM CAWLEY  
Chief Creative Officer, Rival

This framing matters strategically, not just creatively. When generative tools lower the cost of production to near zero, the questions that remain are what should be made, for whom, and why it deserves to exist. Those questions require taste; and taste, unlike access to a model, cannot be downloaded.

Building it requires intention. Teams that share cultural reference points and develop aesthetic conviction together. Standards and editorial frameworks that apply real judgment to what gets made and what does not. Leadership that understands the difference between output and quality and is willing to hold that line when efficiency pressure pushes the other way.

In the age of AI, creative taste is not a soft skill. It is a strategic one, and for most marketing organizations, it is the most underdeveloped capability on the list.





The three layers are not a checklist to complete in sequence. They are interdependent, and their value compounds only when investment is sustained and focused on what matters most. Data without AI systems to activate it is an archive. AI systems without quality data produce generic outputs. Both, without human talent and creative judgment to direct them, produce efficient mediocrity at scale. As Rival's Chief Product Officer, Kostas Voudouris has emphasized, advantage comes not from chasing the most visible layer but from deliberately prioritizing effort across all three and maintaining that focus over time.

Knowing what to build is the first half of the challenge. The second, and harder, half is building the organizational capability, culture, and discipline to actually do it. The following principles are where strategy becomes practice.

# The Principles & Practices to Win the Marathon



The Three Layer Model shows what to build. For CMOs and marketing leaders, the real challenge is not just knowing what to build, but making the decisions that separate organizations that genuinely adapt from those that only appear to.

Most marketing organizations will treat AI like a sprint, prioritizing visible progress and immediate output. But a marathon does not reward bursts of activity. It rewards disciplined choices about what to pursue and what to leave behind.

The organizations and CMOs that will win are those that invest in the infrastructure of AI to create meaningful, long-term advantage, not those who focus on innovation theater as a mere signalling tool for the executive board.

Two principles guide everything that follows. The first is customer-centric growth. The second is preparation for all three layers of the new model. Neither works without the other.



# Principle One: Focus on Customer- Centric Growth

The two primary questions of marketing have not changed: what are the needs of the customer, and how can they be better served? AI does not alter these questions. It changes the speed and scale at which answers can be found and acted upon.

But speed and scale alone are not enough. AI is the most powerful efficiency multiplier marketing has ever seen: tasks that once took days now take minutes, work that required teams can be performed by individuals, and execution that demanded specialist skill can be approximated by anyone with access to the right tool. None of this is inherently valuable. Efficiency is doing things right; effectiveness is doing the right thing. Without judgment about what truly matters, early AI “wins” can feel like progress while quietly compounding strategic error.

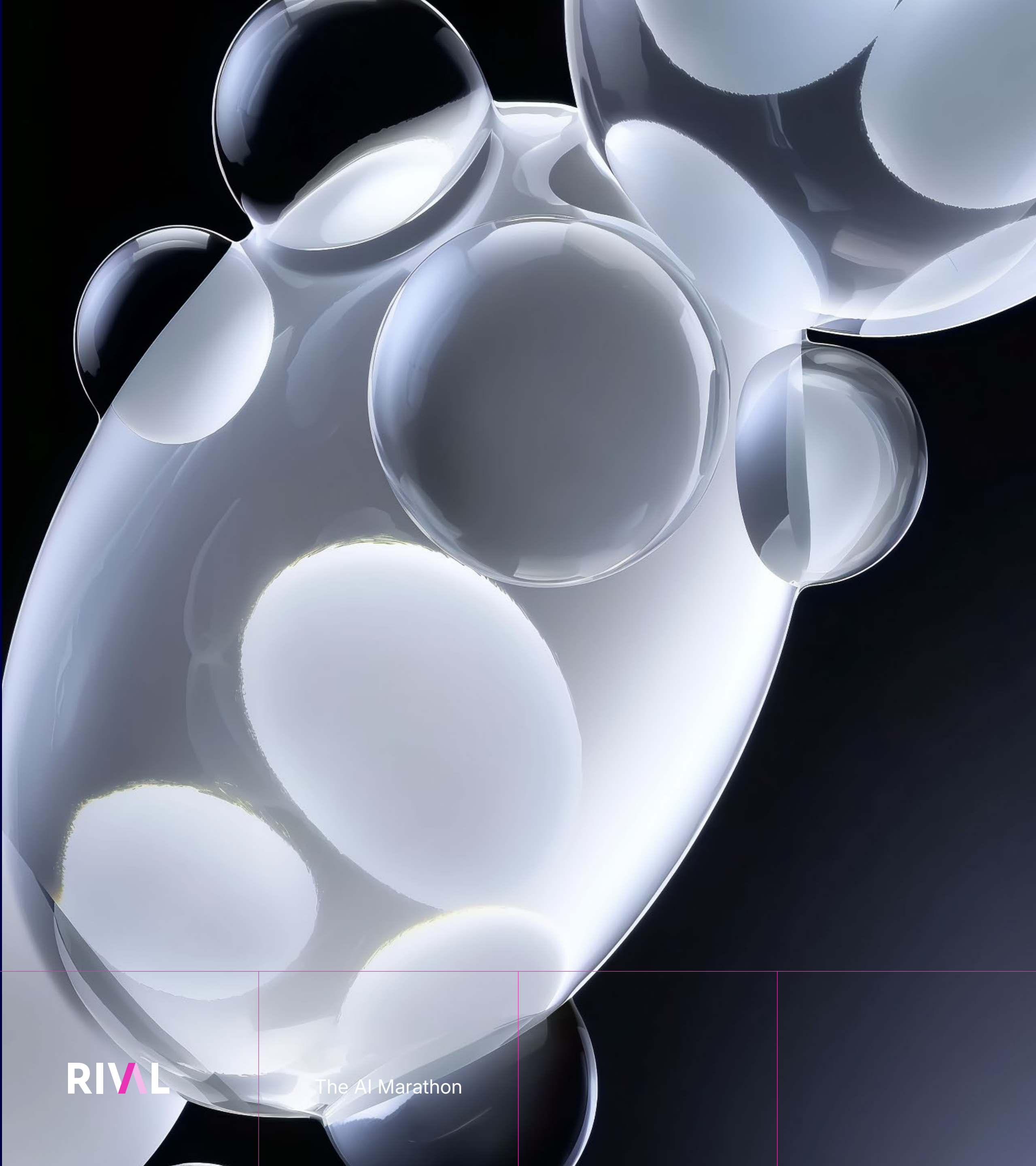
## Differentiation as strategy, not aesthetic

As noted in The Rival 50, brands like Liquid Death, On Running, and Represent do not arrive at differentiation by accident. They define what their category gets wrong, develop a distinct perspective in response, and apply that perspective consistently across product, brand, and communication. This focus on standing out visually and verbally within the category becomes a lever that drives compounding growth.

This is where creative taste becomes operational. It is built through teams that share cultural reference points, through leadership that sets a clear point of view, and through editorial discipline that determines what gets made and what does not. It requires repeated exposure to great work, active debate about quality, and the willingness to reject outputs that meet the brief but fail to say anything meaningful.

AI amplifies whatever a brand already believes. Organizations with a developed point of view and strong creative judgment will find that AI compounds their advantage. Organizations without them will see AI accelerate convergence. Before investing heavily in AI-powered marketing, organizations need to be honest about whether they have built the conditions for differentiation. If they have not, AI will not create it. It will simply make the absence more efficient and more visible.





## Microcultures and the new logic of relevance

The incumbent marketing playbook was built on monoculture: top-down, mass-reach, broad demographic targeting. That playbook is obsolete. Rival's Microcultures research finds that 91% of adults aged 18 to 25 do not believe mainstream popular culture even exists. Today, culture is ruled by communities organized around shared passions and identities rather than demographic characteristics. Think Swifties, Sneakerheads, Lawn Dads, Dark Academia adherents, Pickleballers. They are the market, fragmented into communities with disproportionate influence and commercial power. McDonald's traffic increased by over 30% following its Cactus Plant Flea Market collaboration. Crocs went from near-bankruptcy to over \$4 billion in revenue by consistently engaging communities that found meaning in the brand.

AI makes microculture activation significantly more tractable than ever, removing the cost and complexity constraints that previously made it impractical at scale. But the technology is the enabler, not the strategy. Activation requires genuine cultural fluency, not algorithmic approximation. The brands that succeed are those that understand communities deeply enough to participate authentically, not those that pattern-match surface signals and insert themselves clumsily. AI can identify that a Coastal Granny microculture exists and map its cultural anchors. Only human judgment, taste, and creative conviction determine whether a brand has the right to show up, and what it should say when it does.

## Generative search and the new discovery landscape

The boom of generative search reflects yet another change in consumer preferences and fundamentally changes how brands are found. Instead of returning a list of results, AI systems now synthesize answers and surface the sources that informed them. The implications for discoverability and content strategy are significant and already in motion. Brands that understand that this is the new reality for consumer search behavior and will accordingly produce high-quality, distinctive, authoritative content built on proprietary knowledge and genuine perspective are disproportionately likely to be surfaced. Brands that have optimized for keyword density and volume are less likely to benefit and may see their existing SEO investment materially devalued.

The opportunity is real for organizations willing to invest in content that reflects genuine expertise and a point of view. The threat is equally real for those who do not move quickly enough to adjust.



# Principle Two: Operationalize The Three Layer Model

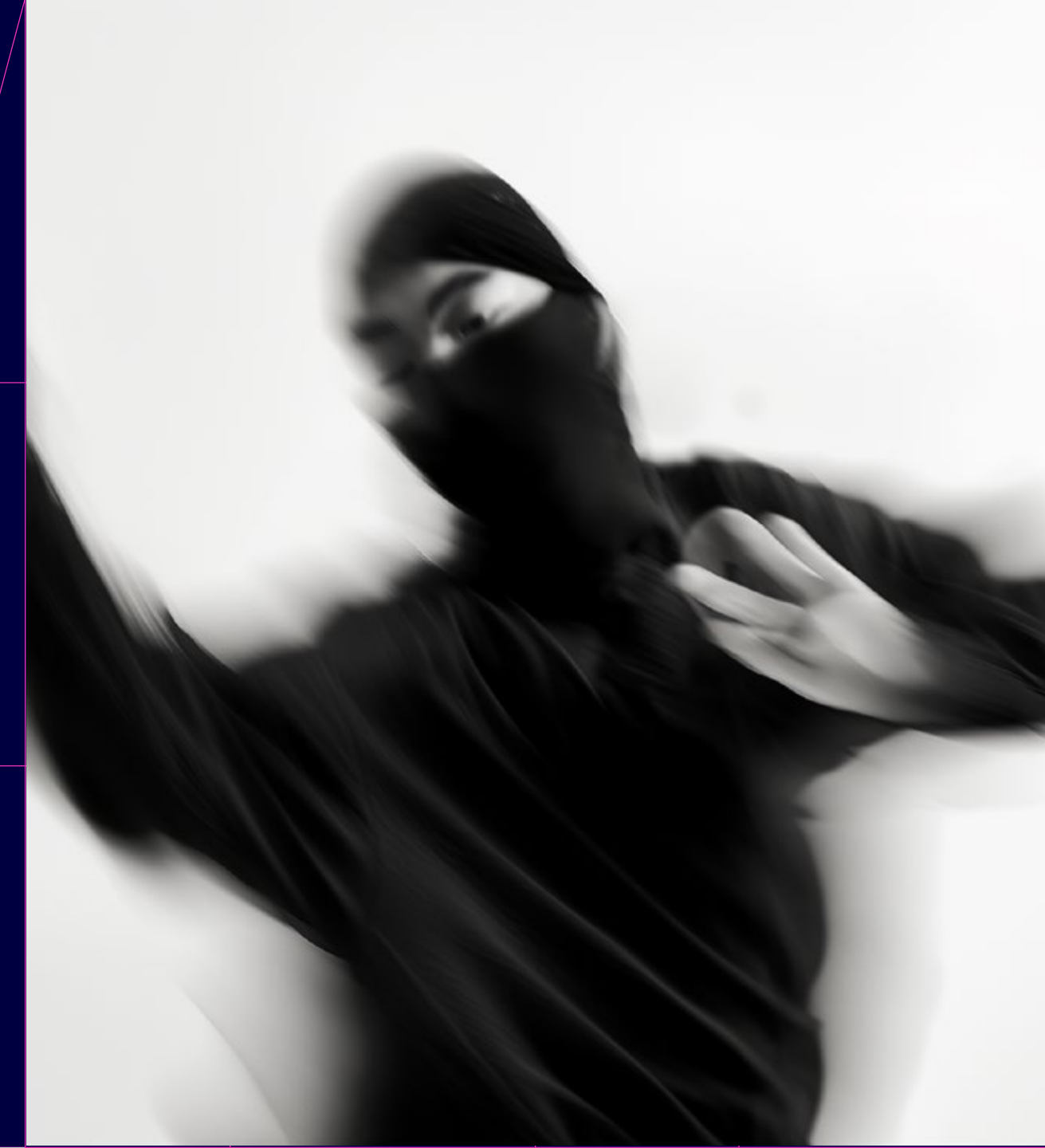
Knowing what to build is the easier half. The harder half is building the organizational capability, infrastructure, and culture to actually do it. Most AI initiatives fail not because of bad strategy but because of insufficient data foundations, unclear accountability, and no path from pilot to production.



## Data transformation as a strategic priority

The first-party data foundation requires deliberate investment in work that is neither glamorous nor quick: data mapping and audit, ingestion and integration infrastructure, standardization and cleansing, governance frameworks, and ongoing improvement cycles. This work takes longer than expected, costs more than budgeted, and produces results that are harder to attribute than almost any other marketing investment. It is also the single most important thing most organizations can do to prepare for the AI era. Without it, every AI initiative above the most superficial level will underperform, not because the AI is wrong, but because the inputs are inadequate.

The temptation for most organizations is to over-index on one layer at the expense of the others, often spending heavily on models while underinvesting in the data that feeds them or the human talent required to direct them. At Rival, the guiding principle is roughly equal investment across data, technology, and people. The technology layer itself goes beyond models: real gains come from autonomous agents, tools that connect them to internal systems, and orchestration that routes tasks between humans and AI. Rival Intelligence reflects this approach, combining structured, proprietary data with agentic workflows and senior oversight. Each layer raises the ceiling of the others, and organizations that get the balance right create compounding advantage, while those that chase models alone produce competent but ultimately replaceable work.





## Value realization and measurement

Before any AI initiative moves past the concept stage, three questions need clear answers: what is the specific value expected, and how will it be measured? What is the current baseline for assessing success? And what is the measurable threshold at which the initiative will be scaled, modified, or discontinued? These are not bureaucratic obstacles. They ensure innovation produces outcomes rather than theater and protect against cynicism from repeated failed pilots.

Value assessment should operate at two levels simultaneously: specific disciplines and the enterprise as a whole. Both matter. Neither is sufficient alone.

## Role transformation and accountability

The most significant near-term organizational change is not the arrival of new AI-specialist roles but the redistribution of time within existing teams as AI absorbs administrative and execution-heavy work. This redistribution does not happen automatically. Without deliberate intervention, time freed by AI tends to be absorbed by additional volume rather than redirected toward higher-value strategic and creative work. Front-line practitioners should be given structured space and explicit permission to test AI tools in daily workflows. Innovation in AI adoption will not come primarily from top-down mandates. It will come from thousands of small experiments at the operational level, surfaced, shared, and scaled by leadership.

AI transformation also involves significant work that is easy to deprioritize because it lacks immediate visible output: metadata standards, data pipeline maintenance, governance documentation, and workflow integration. Organizations that build accountability for this work into role expectations and performance frameworks will compound their advantage over those that treat it as an afterthought.



# Preparing for the Long Haul



Preparation for a marathon is ongoing and deliberate, not episodic and unintentional. Marketing leaders who invest in AI as a flashy one-off and assume the work is done risk falling behind. Success comes from building the right foundations, maintaining discipline to pursue genuine differentiation and developing the organizational capacity to adapt continuously. The CMOs that will win in this era of change will be those that treated the opportunity and challenge of these first few years not as a sprint, but as the opening miles of a decade-long marathon.

Getting this right is straightforward in principle, even if it takes discipline to execute. Differentiation in the AI era cannot come from the AI layer alone. It comes from what is fed into it, proprietary first-party data and genuine brand distinctiveness, and from what is done with its outputs, human creativity, taste, and judgment that competitors cannot replicate at scale. The technology sits in the middle, powerful and increasingly commoditized, but the moat sits on either side.

CMOs who build that moat will share a common orientation. They will resist the pressure to demonstrate visible momentum at the expense of real capability and invest in the unglamorous foundational work of data infrastructure, governance, and role transformation that makes everything else compound. They will develop the creative conviction and cultural fluency to activate the microcultures that matter to their brand and treat AI fluency not as a project to complete but as a discipline to maintain.



# Where to Start

1.

## GET HONEST ABOUT YOUR DATA FOUNDATION

Map what you actually hold, identify the gaps, and build the pipelines that make first-party data a genuine AI input.

2.

## DEFINE YOUR DIFFERENTIATED POSITION BEFORE SCALING AI

If what makes your brand distinct is unclear, AI will not clarify it. Establish the point of view first, then amplify it at scale.

3.

## BUILD CREATIVE TASTE DELIBERATELY

In a world of infinite AI output, judgment about what deserves to exist is the scarcest resource in marketing.

4.

## MEASURE FOR OUTCOMES, NOT ACTIVITY

Every AI initiative needs a clear value hypothesis, a defined baseline, and a measurable threshold for scaling or stopping.

5.

## TREAT THIS AS INFRASTRUCTURE, NOT A CAMPAIGN

The organizations compounding advantage five years from now are building their foundations today - quietly, unglamorously, with patience.

# Final Note

At Rival, the marathon has already begun.

We believe the future of marketing will increasingly be human-orchestrated, AI-powered solutions. Our focus is on building the next-generation three-layer model for solving the key “jobs to be done” for CMOs. All our research (now nearly five years and 10,000 hours) into how challenger brands do more with less forms our data layer. Rival Intelligence, our proprietary agentic platform, is our technology layer, driving efficiency and differentiation in the output of our human layer: small, senior, integrated teams.

Our mission from day one with Rival has been to build a company that challenges the convention of our industry. And the AI marathon is one of the biggest forces shaping our industry over the next 10 years. We’re excited about all the changes and opportunities that will come from it, and always looking to share, connect, and learn with others running the same race.

Reach out to our team if you’d like to learn more or get involved in our content, events, or community.

[www.wearerival.com](http://www.wearerival.com)



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