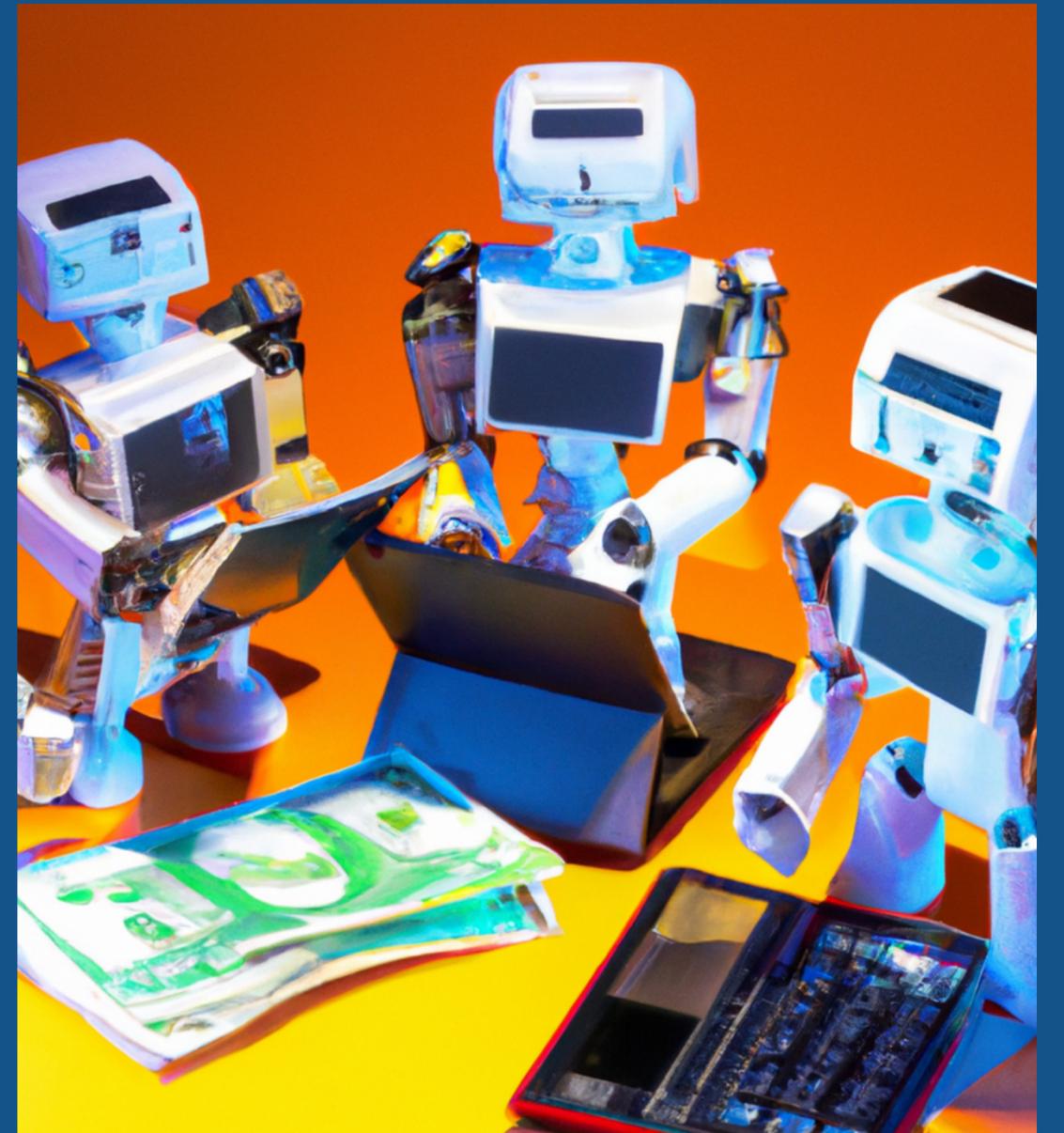# kalaari capital

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Part 1: Marketing

A series of deep dives covering the impact of Gen-AI across key sectors

"Hey Dall-E, how would robots look like if they were forced to take over sales and marketing functions?"

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The largest platform shift since cloud and mobile, generative AI is taking over the world by storm. In 'ai & us', we highlight specific use cases & industries being disrupted by generative AI

Artificial Intelligence has come a long way since the field was given its name in a Dartmouth University Paper in 1955. The streets may not be full of self-driving cars and delivery robots yet but the smartphones in our pockets and the laptops we use are increasingly changing the way we live our lives.

The day is not far for science fiction to become a reality. Today, enterprises, small and big, across sectors and geographies are increasingly crystal balling the future and preparing for the unprecedented shifts in innovation and automation unleashed by AI. Preparing for this future, is perhaps the single biggest mandate for boards and management leaders across the world.

India's workforce grew up in an internet/cloud-first world. Its ability to assemble solutions from combinations of legacy, cloud, and SaaS components is world-class. Today, we are home to more than 500K+ AI engineers, accounting for 16% of the AI talent in the world, which places us among the top three contributors. Our contribution is only expected to grow further with support from National Education Policy, which has committed to holistically include AI and ML across every stage of education in India.

Like everyone else, we are in the business of future of unknowns and young entrepreneurs are the best placed shape this future sooner for the better. We seek to partner with those bold and daring souls that are attempting this endeavour. If you are a founder, shoot us a note at **ai@kalaari.com**.

$1.4T
Global Economic Impact of AI by '30

$1.3B+
Total VC Funding in Gen-AI platforms and startups

600+
Number of Global AI first-startup

Table of contents →

ai&us **MARKETING**

Setting the context

"We are at the cusp of the next era of digitisation and automation"

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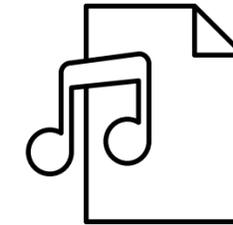
✦ What is Generative AI?

Generative AI is a type of Artificial intelligence that can generate novel and original data. This includes but is not limited to text, image, videos, sounds, music and even code.
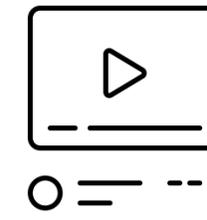
Text · **Image** · **Music** · **Video** · **Code**
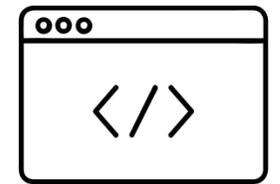
The perfection of Gen-AI is a critical milestone in our pursuit of developing a super intelligent digital being that does everything we can imagine.

2000 - 2022
Artificial Narrow Intelligence - ANI

- Machines learn & outperform humans in specific tasks
- Jobs are being enhanced

2023
Gen-AI Rush

2030
Artificial General Intelligence - AGI

- Machines become intelligent & compete with humans
- Jobs will be at risk

2035
Artificial Super Intelligence - ASI

- Machines have consciousness & they outperform humans
- Humanity will be at risk

AI has come a long way over the last decade

Year	Event
2010	Apple releases Siri as an integrated app for iOS
2011	IBM's Watson wins 'Jeopardy' TV Game Show
2012	Google releases 'Google Now' smart cards
2013	DeepMind beats human records on all Atari Games
2014	Amazon releases Alexa Echo Generation 1
2015	At ImageNet, Machines 'see' better than humans
2016	Google's AlphaGo beats Lee Sodol at 'Go'
2017	AlphaZero beats AlphaGo at Chess, Shogi and Go
2018	Self-Driving cars hit the roads to mainstream
2019	OpenAI beats e-sports world champions at Dota-2
2020	AI aids vaccine development, ChatGPT unveiled
2021	Level-2 autonomy for self-driving cars achieved
2022	Chat-GPT 3 made public
2023	The Gen-AI application race begins...

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Global interest turbocharged by the release of Chat-GPT

Google Popularity Score

<100
<75
<50
<25
<0

January 2010

October 2022

Machine Learning

Artificial Intelligence
Increase from 40 to 80

Deep Learning

Generative AI
Increase from 1 to 20

Source: Google Web Search Data, Worldwide
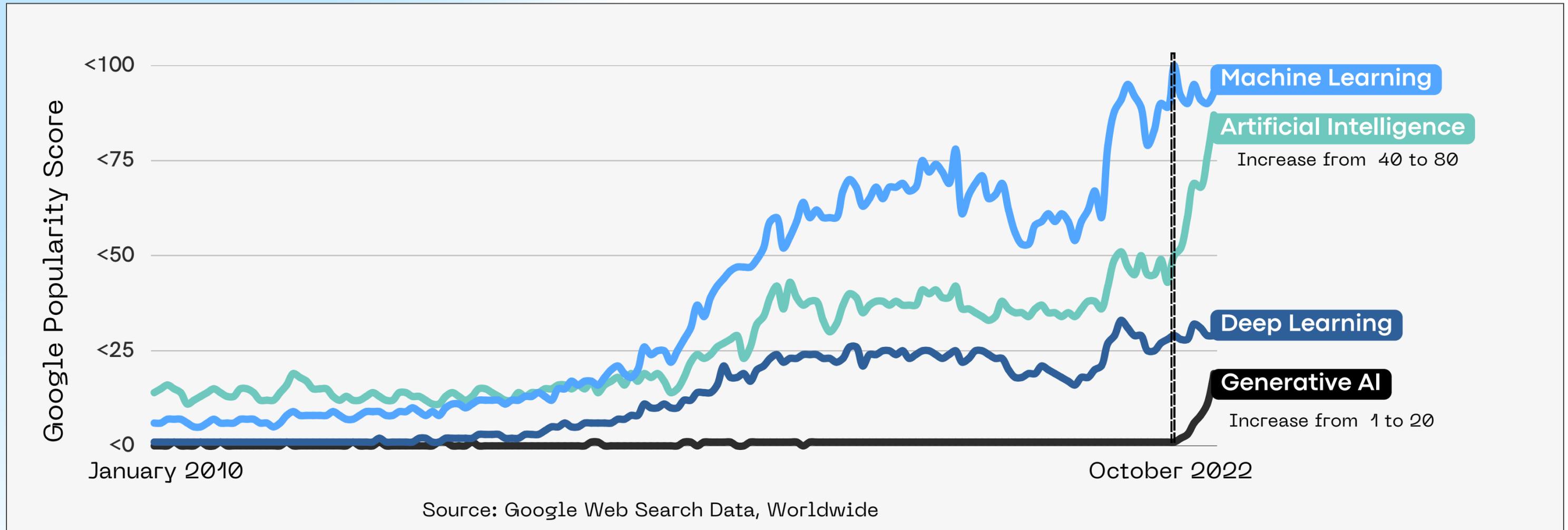
Despite all the breakthroughs that were made in AI over the last decade, interest in Gen-AI remained subdued until late last year, when OpenAI's ChatGPT 2 went viral upon it's release, becoming the first platform of it's kind to be accessible by anyone around the world, not just AI-devs and innovators.

Gen-AI platforms are showing the potential to scale faster than most of the world's largest consumer tech platforms

>120M # of people that have signed up on an AI-first application since October 2022
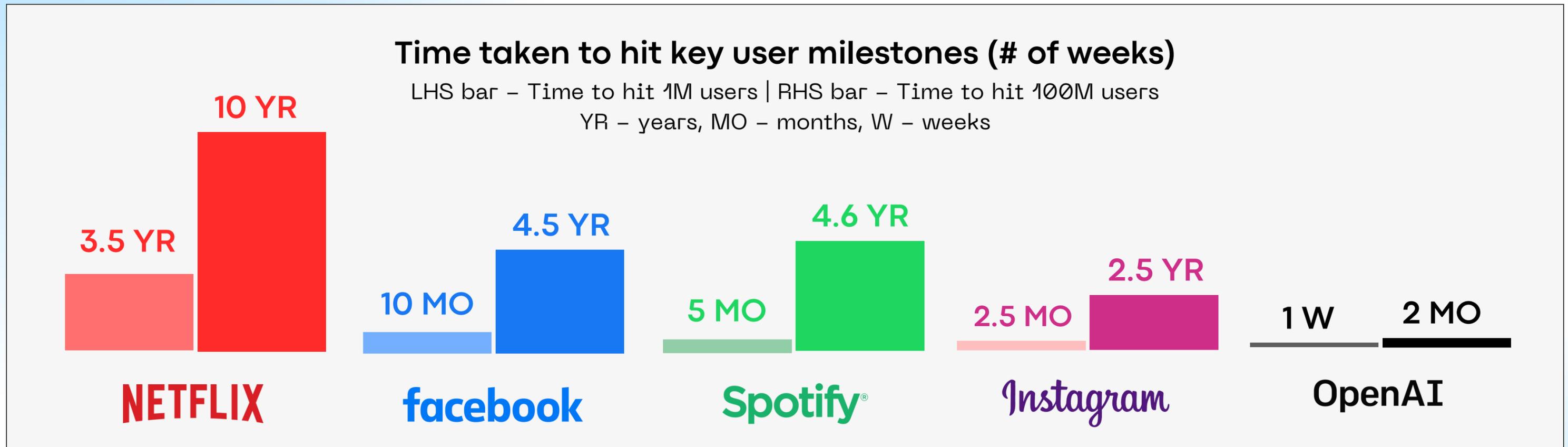
ChatGPT DALL·E 2 Midjourney stability.ai

Time taken to hit key user milestones (# of weeks)
LHS bar – Time to hit 1M users | RHS bar – Time to hit 100M users
YR – years, MO – months, W – weeks

NETFLIX
- 3.5 YR
- 10 YR

facebook
- 10 MO
- 4.5 YR

Spotify
- 5 MO
- 4.6 YR

Instagram
- 2.5 MO
- 2.5 YR

OpenAI
- 1 W
- 2 MO

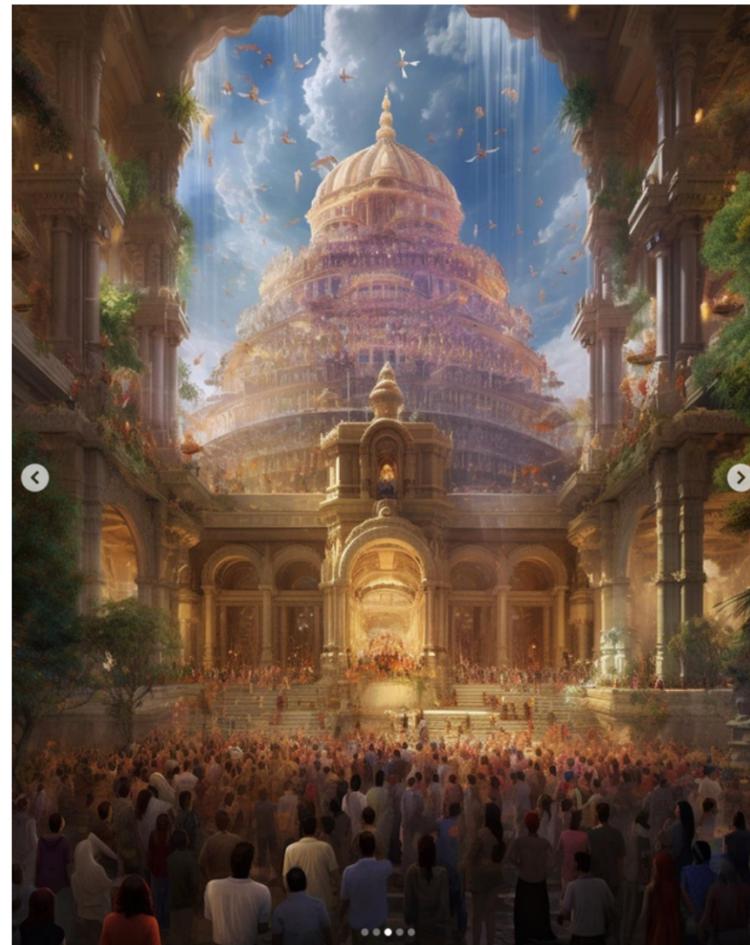# ✦✦ With every passing day, early adopters are pushing the limits of Gen- AI platforms to generate interesting content...

'Politician Premier Leage' by Madhav Kohli

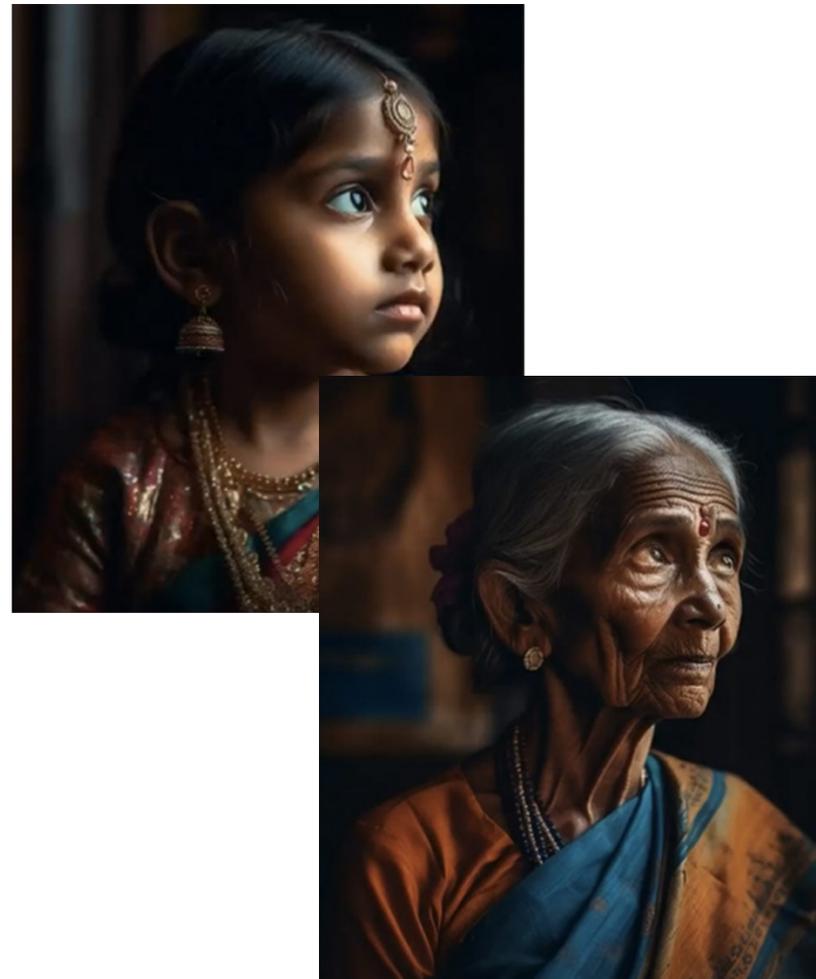Majestic Temples by Madhav Kohli

Solar System Knolling by Alizer027

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✦✦ ... which has resulted in numerous art collections and libraries going viral across social media platforms

'Messi by Michaelangelo' on Midjourney

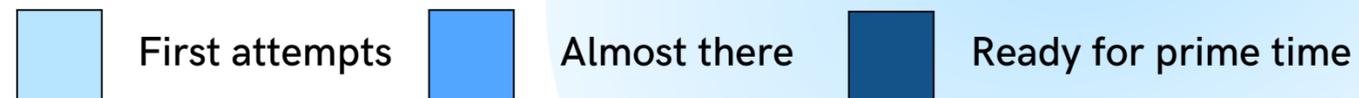**Ageing Woman via Stability Diffusion**

Mr Bean in History by Sahid
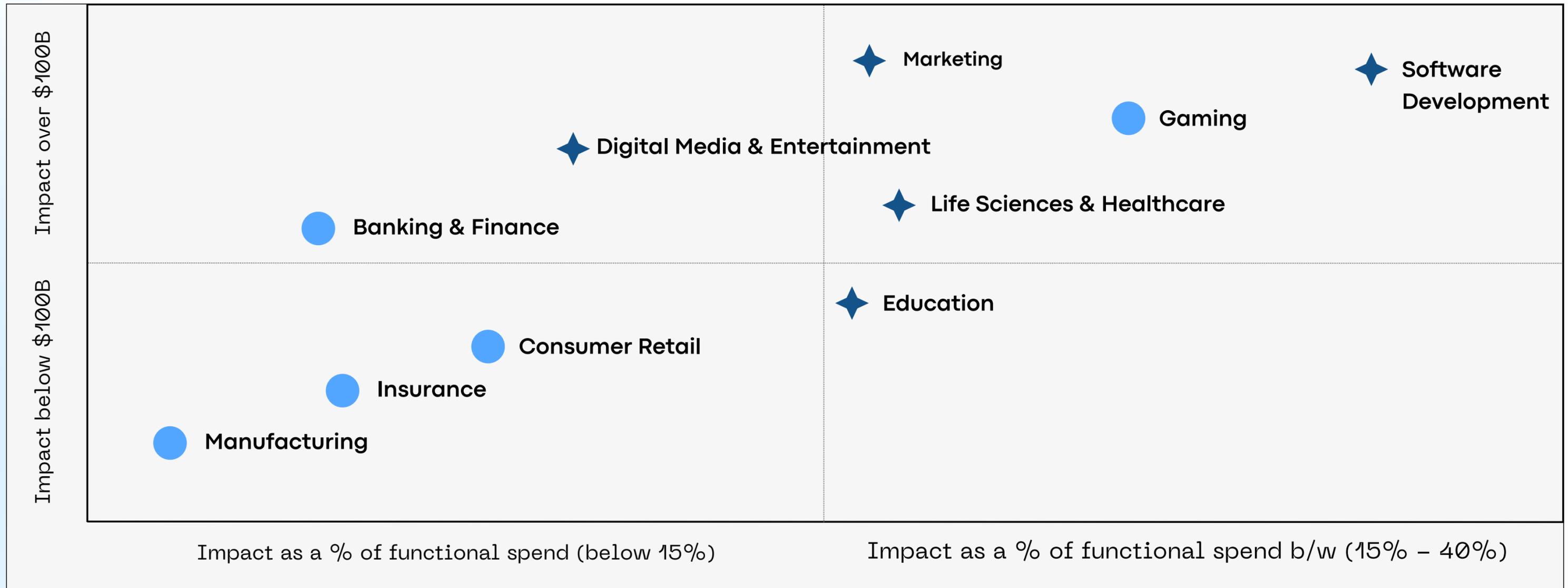
Gen-AI will fully unravel itself by 2030...

	Pre-2020	2020	2022	2023	2025	2030
Text	Spam Detection Translation Basic Q&A	Basic copywriting First drafts	Longer form Secondary drafts	Vertical Fine Tuning gets good (scientific papers)	Final draft gets better than human average	Final drafts better than professional writers
Code	1-line auto complete	Multi-line generation	Longer form Better accuracy	More languages, more verticals	Text to product (draft)	Text to product (final) better than full time devs
Image	-	-	Art Logos Photography	Mock-ups (product design, architecture)	Final drafts (product design, architecture)	Final drafts better than professional artists, designers
Video	-	-	First attemps at 3D Video models	Basic/first draft videos & 3D files	Second drafts	AI Roblox, Video Games & Movies personalised

Source: Generative AI – A creative new world

■ First attempts   ■ Almost there   ■ Ready for prime time

...Potentially transforming major industries along the way

Impact over $100B

Impact below $100B

- Marketing
- Software Development
- Gaming
- Digital Media & Entertainment
- Life Sciences & Healthcare
- Banking & Finance
- Education
- Consumer Retail
- Insurance
- Manufacturing

Impact as a % of functional spend (below 15%)

Impact as a % of functional spend b/w (15% – 40%)

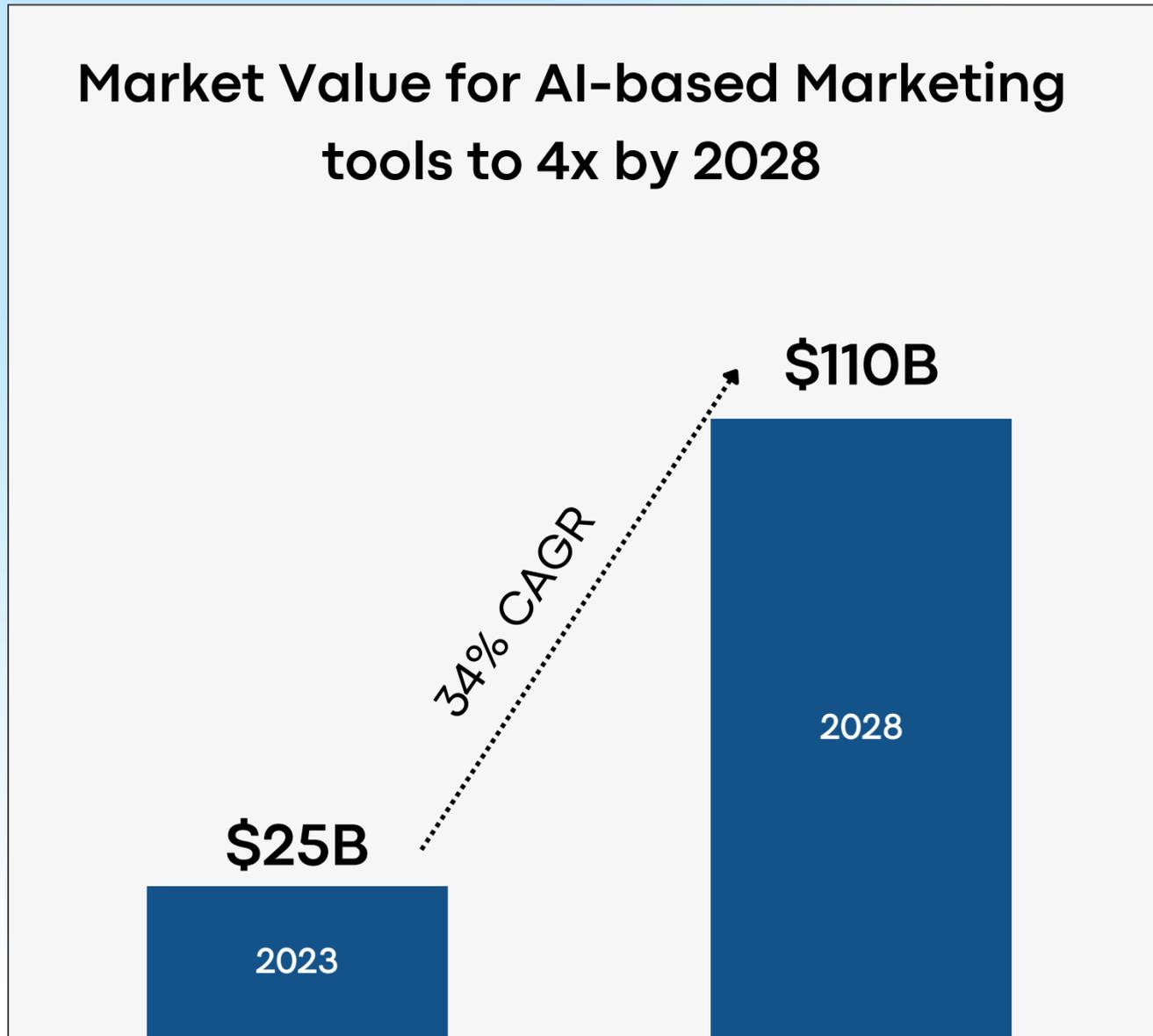Level of activity - Funding, Startups   ● Low to Moderately active   ◆ Highly active

The Impact of Gen–AI on Marketing

"Thanks to Gen-AI, Marketing will never be the same again"

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Gen-AI is primed to re-shape the future of marketing

Market Value for AI-based Marketing tools to 4x by 2028

$110B

2028

34% CAGR

$25B

2023

Gen-AI will increase productivity for marketers by over 10%

+18M

# of people employed across marketing functions globally

Copy Writers   Graphic Designers

▼

Copy/Graphic Prompters

34B Man Hours

Annual time spent by marketers at work

▼

4B Man Hours

Job time that will be reduced by Gen-AI

Gen-AI's impact on marketing across specific use-cases

	Description	Cost Reduction	New Features & Functionality
Branding & Ad–Campaign Production	From ideation of concepts to creating test drafts, dubbing b/w languages, translation, automating compliance	Yes	
Multi–Channel Content Migration	Re-purposing of content for different channels, different formats		Yes
SEO Optimisation	Re-purposing content, meta-tags, keywords for SEO		Yes
Automated Customer Support	Contextual chatbots, responses - with more flexibility and freedom	Yes	
Content Localization	Re-purposing content for different audiences, tying multiple storylines into a single content piece	Yes	Yes
Campaign Optimisation	Automating campaign testing, editing based on real-time performance		Yes
Personalised Ads	Re-purposing ads based on individual preferences, tastes and choices across same format		Yes

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Three core ways that Gen-AI enhances marketing

1 **Efficient & effective content creation**

Will significantly reduce the time required for ideation & content drafting. Also facilitate consistency across different pieces of content, ensuring a uniform brand voice, writing style, & format.

2 **Enhanced use of customer data**

Help marketers better use data such as territory performance, synthesized customer feedback, & customer trends to develop data-informed marketing strategies such as targeted customer profiles & channel recommendations.

3 **Creation of mass personalized content**

Will allow teams to significantly enhance the personalization of marketing messages aimed at different customer segments, geographies, & demographics. Mass email campaigns will be instantly translated into as many languages as needed, with different imagery & messaging depending on the audience.

✦✧ Iconic global brands are already experimenting with Gen-AI for their advertising campaigns

Coca Cola's AI Ad contest for billboard artwork
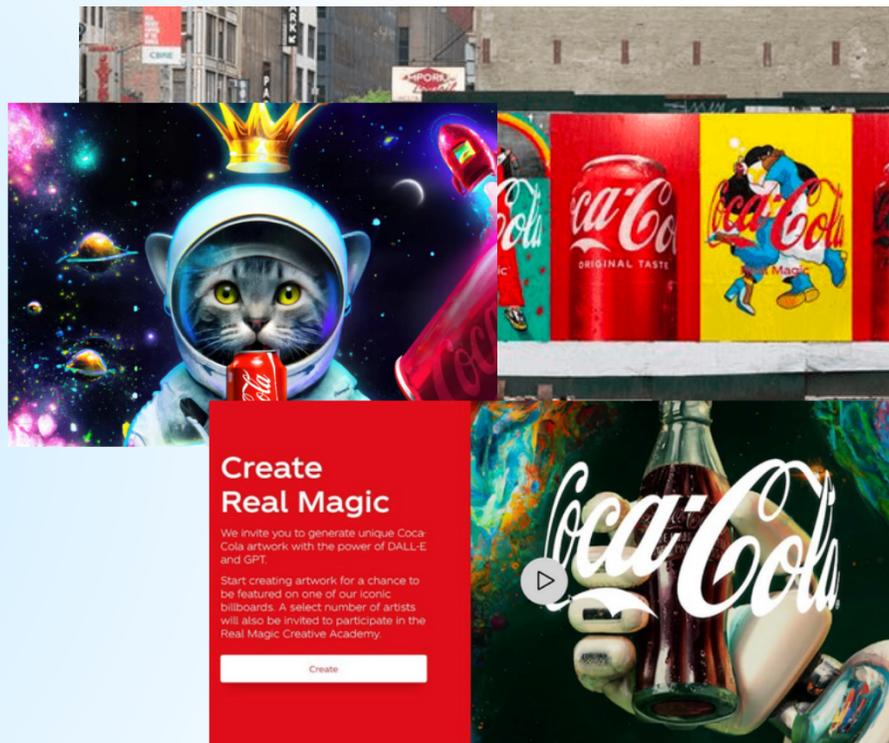
Heinz's ad campaign for AI generated ketchup bottles

Kit Kat's Ad agency created the 'Have a Break' using AI campaign

Adoption from marketing professionals and stakeholders is also on the rise

Gen-AI tools are already being used by a large proportion of marketers

89%
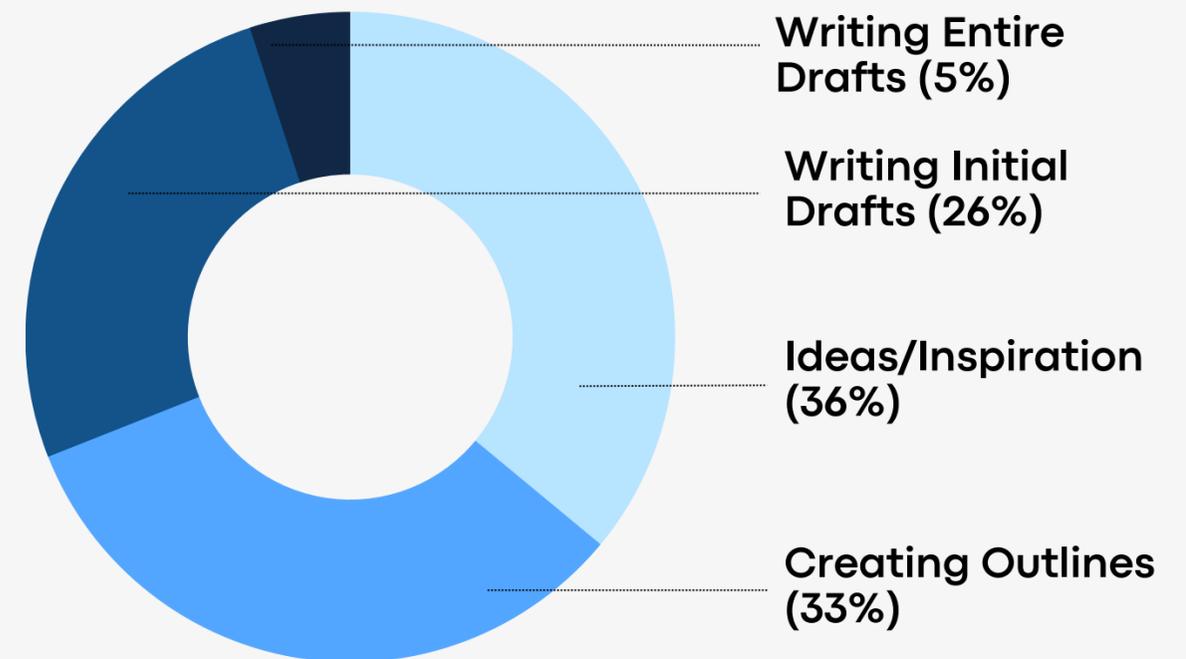
% of marketers using Gen-AI tools to create content feel that the overall quality of their output has increased
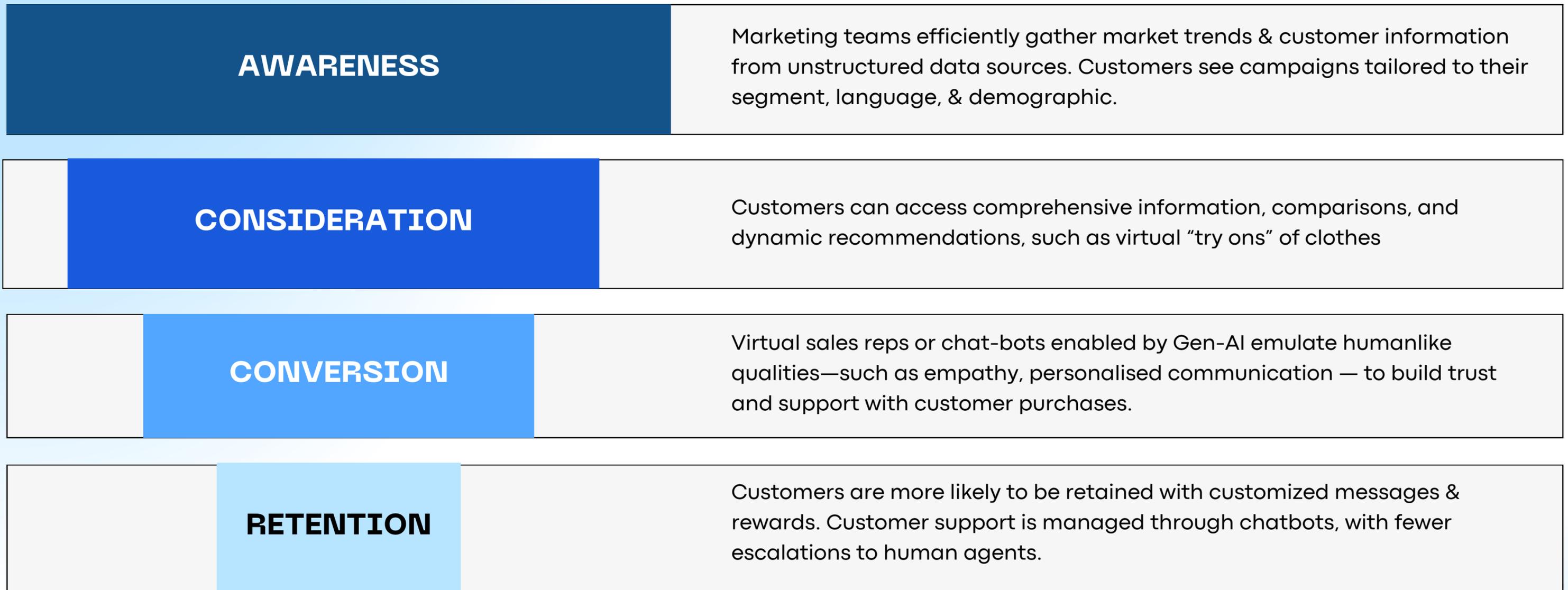
>3 Hours

Average time per day that a marketer saves using Gen-AI tools

Over time, marketing writers are expected to use Gen-AI for drafting complete content pieces

Writing Entire Drafts (5%)

Writing Initial Drafts (26%)

Ideas/Inspiration (36%)

Creating Outlines (33%)

Gen-AI impacts each function of the marketing funnel

| **AWARENESS** | Marketing teams efficiently gather market trends & customer information from unstructured data sources. Customers see campaigns tailored to their segment, language, & demographic. |

| **CONSIDERATION** | Customers can access comprehensive information, comparisons, and dynamic recommendations, such as virtual "try ons" of clothes |

| **CONVERSION** | Virtual sales reps or chat-bots enabled by Gen-AI emulate humanlike qualities—such as empathy, personalised communication — to build trust and support with customer purchases. |

| **RETENTION** | Customers are more likely to be retained with customized messages & rewards. Customer support is managed through chatbots, with fewer escalations to human agents. |

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✦ Leading marketing-focused Gen-AI platforms

Company	Target Users	What they do	Funding	Valuation
Lightricks	Creators & Influencer Marketing Teams	Empowers creators to improve visual content, and brands to collaborate on marketing campaigns.	$330M	$1.8B
Jasper	Content Writers	Helps write blogs, social media posts, SEO optimized content and more.	$125M	$1.5B
Mutiny	Marketing/ Website Teams	Helps marketers to tailor websites to the needs of their customers & boost their sales.	$72M	$600M
copy.ai	Digital Marketing Copy Writers	Digital advertisement tool that saves time & increases conversion rates for marketing writers.	$14M	$50M
Omneky	Performance Marketing Teams	Tool for businesses to enhance performance marketing & tailor personal ads to each customer.	$10M	$50M

India Market Landscape

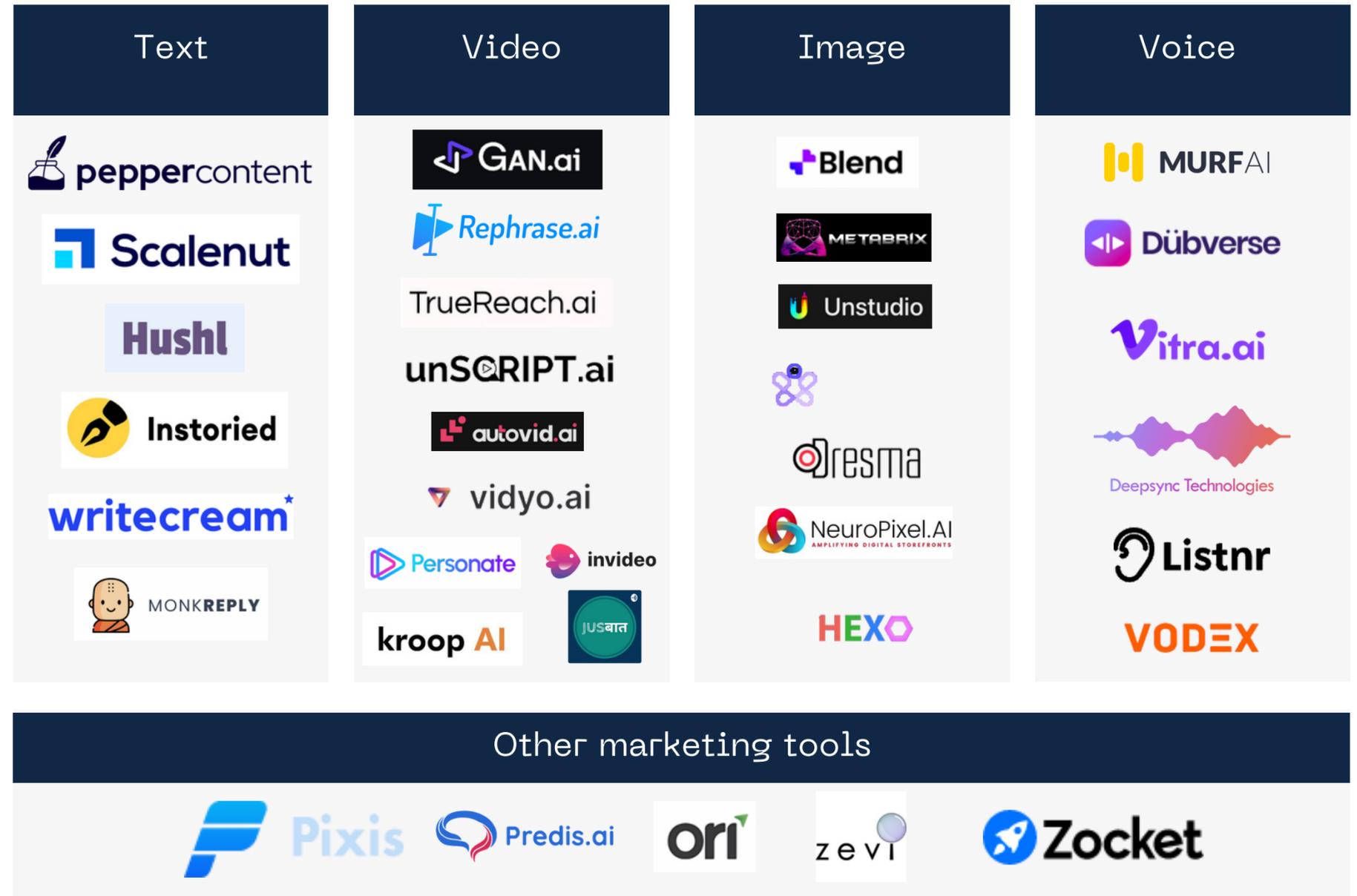"Startups focused on building from the sub-continent for the world"

Emerging Marketing focused Gen-AI companies in India
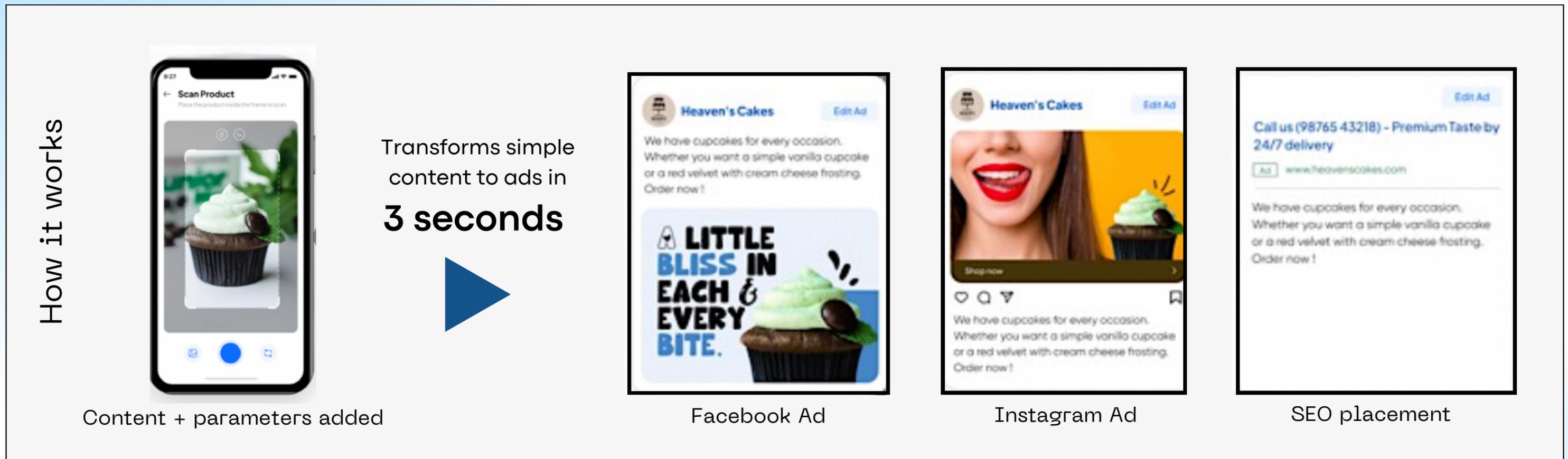
$155M+
Venture Funding till date

~35
Total # of Startups

Text	Video	Image	Voice
peppercontent	GAN.ai	Blend	MURF AI
Scalenut	Rephrase.ai	METABRIX	Dübverse
Hushl	TrueReach.ai	Unstudio	Vitra.ai
Instoried	unSCRIPT.ai		Deepsync Technologies
writecream	autovid.ai	resma	Listnr
MONKREPLY	vidyo.ai	NeuroPixel.AI	VODEX
	Personate invideo		
	kroop AI JUSबात	HEXO	

Other marketing tools
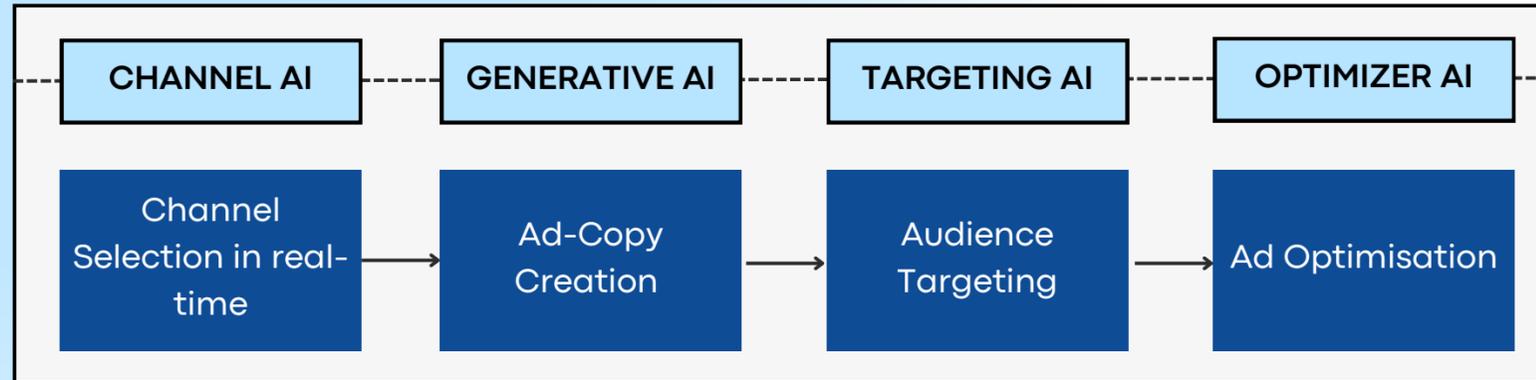
Pixis · Predis.ai · ori · zevi · Zocket

✦✦ **Zocket transforms an SMB's product catalog into exceptional omni-channel ads in seconds**

- A marketing platform that automates digital marketing using 24+ AI models across ad copies, targeting & optimisation.
- It essentially creates omni-channel ads auto-generated & auto-refreshed based on real-time engagement data to increase ROAS

How it works

Content + parameters added

Transforms simple content to ads in

3 seconds

▶

Facebook Ad

Instagram Ad

SEO placement

✦ Zocket is being leveraged due to it's differentiated full-stack platform

CHANNEL AI	GENERATIVE AI	TARGETING AI	OPTIMIZER AI
Channel Selection in real-time	Ad-Copy Creation	Audience Targeting	Ad Optimisation

Channel AI — Cross platform budget routing & optimisation based on which ad platforms delivers results at lowest CPL

Content Generation AI — Generates 54 ad copies across platforms in 3 seconds using models trained on 500Mn+ parameters

Targeting AI — Creates various custom audience cohorts using AI models trained to deliver max CTR ad copy wise

Optimisation AI — Minimises ad spend wastage by sunsetting low-performing ads and refreshing high performing ads

Sundar, Mukund, Karthik, Nanda (Left to right) are seasoned 2x founders, having successfully exited their previous venture, GoBumpr. The founders have seen the digital marketing problem up close and have spent a lot of time understanding the needs of today's SMB owners.
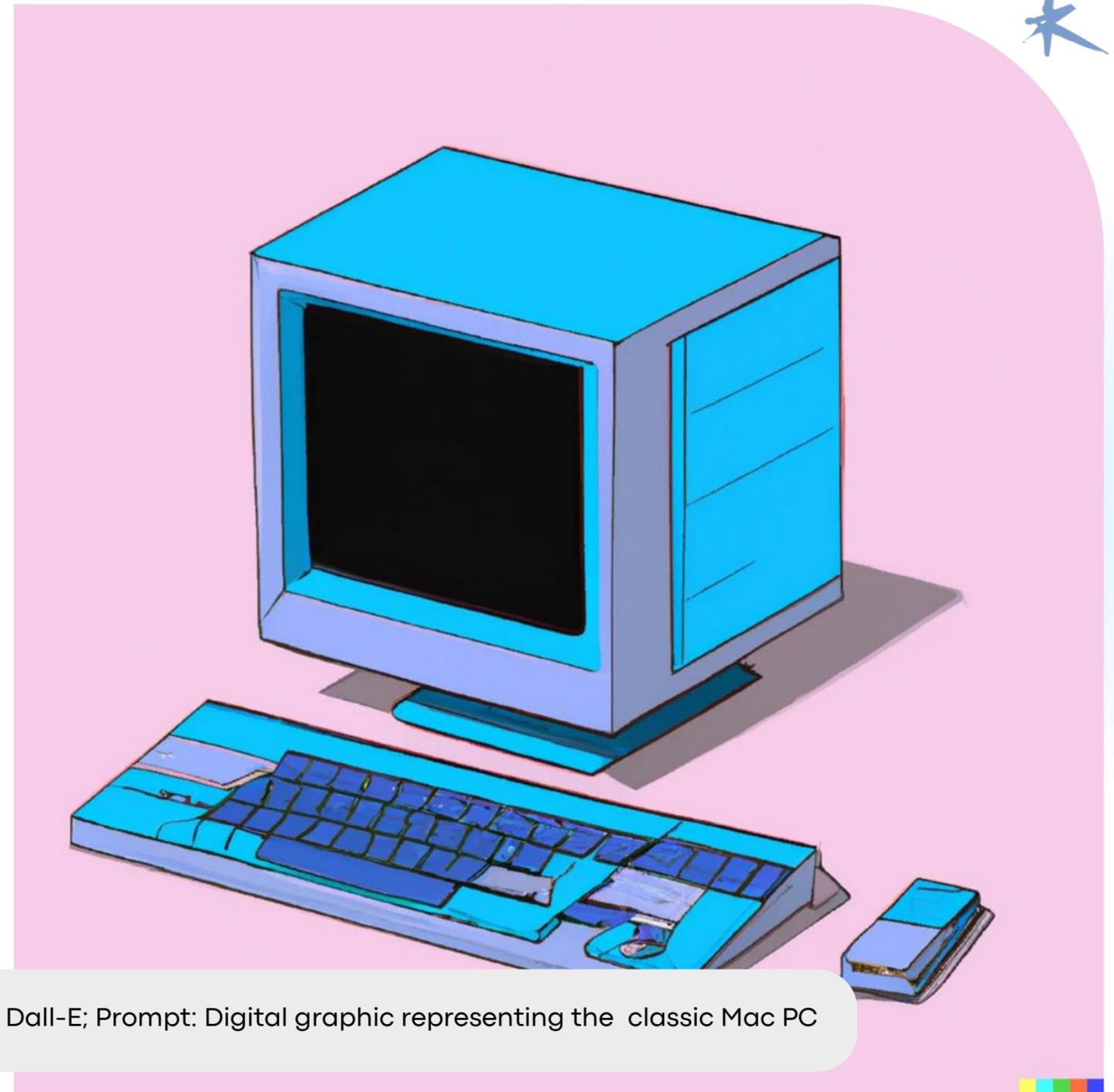
👉 Read our thesis   👉 Connect with the founders

Suggested Readings

- **The State of Generative AI**

- **Things Marketers should know about Generative AI**

- **Generative AI - Key use cases for marketing**

- **Marketing & GenAI - Salesforce POV**

- **HBR: How AI is changing creative work**

PS - Open AI's Dall-E helped us co-create images and content for this series

Credits: Dall-E; Prompt: Digital graphic representing the classic Mac PC

Thank you

Vani Kola
Managing Director

Anvita Khosla
Investment Associate

Jayraj Bharat Patel
Investment Associate

Kalaari is committed to playing a pivotal role in helping Indian entrepreneurs make a global impact in the field of AI.

www.kalaari.com/ai-us   ai@kalaari.com

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