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

Part 1: Marketing

A series of deep dives covering the impact of Gen-AI across key sectors
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 to 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.
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About AI & Us

Section A: Setting the context for Gen-AI

Section B: The impact of Gen-AI on Marketing

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Section A

Setting the context

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

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.

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**Artificial Narrow Intelligence - ANI**
- Machines learn & outperform humans in specific tasks
- Jobs are being enhanced

**Gen-AI Rush**

**Artificial General Intelligence - AGI**
- Machines become intelligent & compete with humans
- Jobs will be at risk

**Artificial Super Intelligence - ASI**
- Machines have consciousness & they outperform humans
- Humanity will be at risk

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Click here to read about ANI, AGI & ASI in depth
AI has come a long way over the last decade

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...
Global interest turbocharged by the release of Chat-GPT

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 its release, becoming the first platform of its 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

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

<table>
<thead>
<tr>
<th>Platform</th>
<th>Time to Hit 1M Users (MO)</th>
<th>Time to Hit 100M Users (YR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netflix</td>
<td>10</td>
<td>3.5</td>
</tr>
<tr>
<td>Facebook</td>
<td>5</td>
<td>4.5</td>
</tr>
<tr>
<td>Spotify</td>
<td>2.5</td>
<td>4.6</td>
</tr>
<tr>
<td>Instagram</td>
<td>1</td>
<td>2.5</td>
</tr>
<tr>
<td>OpenAI</td>
<td>2 MO</td>
<td>&gt;120M</td>
</tr>
</tbody>
</table>

# of people that have signed up on an AI-first application since October 2022

>120M
With every passing day, early adopters are pushing the limits of Gen-AI platforms to generate interesting content...
... which has resulted in numerous art collections and libraries going viral across social media platforms.
Gen-AI will fully unravel itself by 2030...

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

Source: Generative AI – A creative new world
...Potentially transforming major industries along the way

Impact below $100B
Impact over $100B
Impact as a % of functional spend (below 15%)
Impact as a % of functional spend b/w (15% - 40%)

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

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

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

- 2023: $25B
- 2028: $110B (34% CAGR)

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

- +18M people employed across marketing functions globally
- 34B Man Hours: Annual time spent by marketers at work
- 4B Man Hours: Job time that will be reduced by Gen-AI

Copy Writers
Graphic Designers
Copy/Graphic Prompters
## Gen-AI's impact on marketing across specific use-cases

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

Source: Hubspot survey data from 1,350 marketing professionals
Gen-AI impacts each function of the marketing funnel

<table>
<thead>
<tr>
<th>Function</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness</td>
<td>Marketing teams efficiently gather market trends &amp; customer information</td>
</tr>
<tr>
<td></td>
<td>from unstructured data sources. Customers see campaigns tailored to their</td>
</tr>
<tr>
<td></td>
<td>segment, language, &amp; demographic.</td>
</tr>
<tr>
<td>Consideration</td>
<td>Customers can access comprehensive information, comparisons, and dynamic</td>
</tr>
<tr>
<td></td>
<td>recommendations, such as virtual “try ons” of clothes.</td>
</tr>
<tr>
<td>Conversion</td>
<td>Virtual sales reps or chat-bots enabled by Gen-AI emulate humanlike qualities—</td>
</tr>
<tr>
<td></td>
<td>such as empathy, personalised communication — to build trust and support</td>
</tr>
<tr>
<td></td>
<td>with customer purchases.</td>
</tr>
<tr>
<td>Retention</td>
<td>Customers are more likely to be retained with customized messages &amp; rewards.</td>
</tr>
<tr>
<td></td>
<td>Customer support is managed through chatbots, with fewer escalations to</td>
</tr>
<tr>
<td></td>
<td>human agents.</td>
</tr>
<tr>
<td>Company</td>
<td>Target Users</td>
</tr>
<tr>
<td>------------</td>
<td>---------------------------------------</td>
</tr>
<tr>
<td>Lightricks</td>
<td>Creators &amp; Influencer Marketing Teams</td>
</tr>
<tr>
<td>Jasper</td>
<td>Content Writers</td>
</tr>
<tr>
<td>Mutiny</td>
<td>Marketing/ Website Teams</td>
</tr>
<tr>
<td>copy.ai</td>
<td>Digital Marketing Copy Writers</td>
</tr>
<tr>
<td>Omneky</td>
<td>Performance Marketing Teams</td>
</tr>
</tbody>
</table>
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

The market map is not exhaustive, reach out to us at ai@kalaari.com if we have missed a company in the space.
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**

Transforms simple content to ads in 3 seconds

- Content + parameters added
- Facebook Ad
- Instagram Ad
- SEO placement
Zocket is being leveraged due to its differentiated full-stack platform

**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, GoBump. 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
Thank you

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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.

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