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BUSINESS INSIGHTS

VOLUME- 08
ISSUE- 10
OCTOBER, 2024

LATEST HAPPENINGS, DEVELOPMENT AND RESEARCH IN MANAGEMENT

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MARKETING PERFORMANCE MANAGEMENT

Can AI supercharge Performance Marketing without crossing ethical lines?

Some key ethical considerations for using AI in marketing campaigns include data privacy and security, which require transparency in data management regarding collection, transformation, and usage, alongside consent management for every use case and a well-established data security layer.

By Gopika Nair

We are somewhere in the final 100 days of 2024 and with technology at the cusp of its potential, it is no longer cool to work hard but smarter. As businesses strive to make every advertising paisa count, artificial intelligence has seemingly stepped in as the messiah to transform the entire martech game. By harnessing the power of data and automation, AI is helping marketers unlock new levels of

efficiency, making the dream of delivering the right message to the right person at the right time a tangible reality. As the popular saying goes, with greater power comes greater responsibility, it is extremely important to keep an eye on AI's growing role in marketing which can bring both unprecedented opportunities and challenges.

Optimising Performance Marketing with AI

70% of marketers plan to increase performance marketing spend this year at the expense of brand building, a report by Nielson revealed. "AI is revolutionising performance marketing by optimising campaign strategies through real-time data analysis and predictive modelling. At Admattic, we use AI to enhance targeting precision, identifying the most relevant audience segments based on behavioural patterns and preferences. Machine learning algorithms continuously refine these segments, maximising engagement and minimising wasteful spending," Abhinay Tiwari, chief growth officer, Admattic told BrandWagon Online. AI-driven creatives personalise ad content dynamically, improving conversion rates by delivering tailored messages at scale. This automation allows marketers to focus on strategy, while AI enhances decision-making, creating a smarter, more efficient ecosystem for performance marketing, he added.

Furthermore, AI helps marketers adjust ad placements, bidding strategies, and audience targeting in real time. This not only ensures that campaigns are more efficient but also minimises wasted ad spend by automatically delivering ads to the right audience at the right time.

Measuring AI effectiveness in marketing

To effectively measure the impact of AI in performance marketing, a mix of traditional performance indicators and AI-specific metrics is essential. "While Return on Ad Spend (ROAS) and Cost Per Acquisition (CPA) remain foundational in assessing the financial return of campaigns, these metrics alone

don’t capture the full picture of AI’s capabilities. Marketers should also focus on long-term metrics like Customer Lifetime Value (CLV), which shows how AI-driven personalisation impacts customer loyalty over time. Conversion Rate is another key metric, offering insight into how well AI improves the effectiveness of messaging and targeting,” Ranjit Thind, director-media and tech, Asymmetrique, said. Beyond these, AI introduces a new layer of measurement—predictive accuracy—which tracks how well machine learning models forecast future behaviour and outcomes. This continuous improvement in predictive performance allows marketers to fine-tune campaigns and unlock deeper insights from their data.

Key benefits of AI integration

The ability of AI to process large volumes of data at lightning speed is one of its greatest advantages. This allows for real-time decision-making and a deeper understanding of consumer behaviour. Integrating AI into performance marketing significantly enhances targeting and personalisation while optimising campaigns in real-time. “By leveraging predictive analytics, AI reduces costs through improved bid management and the prevention of ad fraud. This technology enables marketers to scale campaigns efficiently across various platforms and enhances customer experiences with personalised content,” Hitesh Nahata, director – data science and analytics, MiQ, opined. Furthermore, AI plays a crucial role in detecting and preventing ad fraud, ensuring more accurate campaign metrics and ultimately leading to greater return on investment (RoI). Additionally, AI reduces the need for manual campaign optimisation, freeing up marketers to focus on more strategic tasks.

The underlying challenges

With advantages, come challenges too. “Marketers face several challenges when implementing AI in their campaigns. First, data quality is critical—AI models require accurate, comprehensive data to deliver effective insights, and gaps or

inaccuracies can skew results. Integration complexity is another hurdle, as legacy systems often struggle to align with AI tools," Tiwari added. Additionally, cost can be a barrier, particularly for smaller companies with limited resources. Finally, there's the challenge of skills: marketers must adapt to working with AI technologies, requiring training and collaboration between data scientists and marketing teams for optimal outcomes, he added. The learning curve for AI technology can also be steep, requiring marketers to invest in training and development to effectively utilise AI tools.

AI's role in predicting consumer behaviour

AI offers an unprecedented ability to understand and predict consumer behaviour, providing marketers with insights that were previously out of reach. "Through machine learning and data analysis, AI can sift through vast amounts of customer data—everything from purchase history and browsing patterns to social media interactions—uncovering hidden patterns and trends. This deep analysis allows marketers to predict what customers are likely to do next, such as making a purchase, abandoning a cart, or engaging with a particular piece of content. By leveraging this predictive power, brands can create highly targeted campaigns that meet customers' needs before they even realise them," Thind commented. This proactive approach shifts marketing from being reactive to strategic, enabling brands to strengthen relationships with consumers and build loyalty over time. Furthermore, 90% of commercial leaders expect to utilise gen AI solutions "often" over the next two years, research by McKinsey revealed.

The ethical considerations

Some key ethical considerations for using AI in marketing campaigns include data privacy and security, which require transparency in data management regarding collection, transformation, and usage, alongside consent management for every use case and a well-established data security layer. "Algorithm bias

must be prevented in outputs through appropriate checks and balances, including an audit mechanism to keep bias in check. Transparency and explain ability are essential to make AI decisions and outputs understandable, thereby reducing ambiguity around data usage and the development of AI models," Nahata cited. Consumer autonomy and control should be prioritised by allowing users to opt out of AI personalisation and data collection, as well as providing control over their data and privacy preferences. Lastly, accountability and responsibility involve maintaining human oversight of AI systems and establishing clear lines of responsibility for ethical AI use. "While AI enables hyper-targeted marketing, this mustn't cross the line into manipulation or over-intrusion, which could alienate consumers rather than engage them. Marketers must navigate these ethical waters carefully to build trust and ensure the responsible use of AI," Thind added.

AI is transforming performance marketing by optimising campaigns, predicting consumer behaviour, and improving targeting precision. While challenges such as data quality and ethical concerns remain, it seems as if the potential benefits far outweigh the hurdles. (FE14102024)

RETAIL MARKETING

Real-time data analytics: Transforming retail marketing through mobile apps

Mobile apps are reshaping the retail landscape by offering personalized experiences, driving sales, and leveraging data analytics for better consumer engagement.

By Tushar Dhawan

The term “digital transformation” refers to a change made to improve products and services along with existing systems employing technology. Like other industries, the retail sector is going through a paradigm shift, with mobile apps, big data analytics, and spatial transformation leading the way. Retailers are likewise working to change and adapt to the changing consumer expectations. From creating innovative and novel business models for personalised shopping, retailers are going beyond focusing on a single technology.

Retail apps, one of the latest approaches adopted by retailers, intend to enhance the shopping experience of customers. With the ease of their smartphones, users can interact with companies, explore products, make purchases and access additional services. Subsequently, Deloitte India has projected that the country’s online retail market size will reach USD 325 billion by 2030, owing to the benefits of retail applications.

Perks of Retail Apps: Boon for the Retailers and Consumers

Retail applications hold enormous potential both for businesses and consumers. Here's a look at some of its benefits that are transforming the retail industry landscape.

Enhance Customer Experience

One of the key reasons consumers resort to retail mobile applications is the promise of a better shopping experience. These applications are user-friendly, with simple interfaces that make it easy to navigate through product catalogues. With a few swipes and taps, users can smoothly navigate between numerous categories, apply filters, and examine extensive product information.

Personalisation and Customer Engagement

Retail mobile applications have become effective tools for gathering consumer information and insights. By analysing customer behaviour, retailers become capable to provide personalised shopping recommendations. This, in turn, helps in increasing consumer engagement and fosters brand loyalty.

Increased Sales

The main objective of any retail firm is to increase sales and income. Retail mobile applications thus provide a direct avenue for achieving this aim. By providing a smooth shopping experience, apps enable users to make purchases with ease and convenience. Furthermore, many retailers offer unique discounts and promotions via their mobile applications. These app-only discounts encourage users to make purchases within the app, increasing revenue. The data-driven insights gleaned from app usage also allow organisations to fine-tune their marketing efforts while increasing sales and income production.

Since mobile applications are developed to increase brand visibility and enhance customer experience, retailers are embracing various trends that help them achieve their objectives.

Trends Influencing the Future of Retail Apps

Michael Burke, CEO of a renowned brand, once said, “If you want to satisfy everybody, you can only do it by having a longer outlook than the market has.” This is so true in the case of the retail industry. Retailers embrace numerous trends in their mobile applications to step ahead of the competitive curve while increasing their customer engagement. Here’s a look at some of the trends that shape the future of retail apps:

Cloud Infrastructure: In recent times, the utilisation of cloud infrastructure has increased in organisations as it allows them to extend and develop their operations by accessing resources on demand rather than investing in expensive physical hardware. In retail, this entails hosting m-commerce websites and applications, storing and processing client data and managing payments and financial activities.

Novel Technologies: By integrating machine learning (ML) and artificial intelligence (AI), the retail app experience has been enhanced. Businesses may obtain useful insights and drive growth by integrating ML algorithms to assess consumer sentiment and AI-powered chatbots for personalised customer support, while also providing customers with a better purchasing experience.

Omnichannel Payments: As more customers become accustomed to buying through a combination of physical, digital and virtual channels, they demand a seamless experience that incorporates technology to meet their omnichannel habits. Therefore, businesses have incorporated mobile into all channels, allowing customers to pay using mobile wallets, mobile payments and loyalty benefits. This unified payment experience across all channels improves simplicity of use, transaction speed and security for all consumers.

In conclusion, mobile applications have transformed the retail industry by offering a more customised and convenient purchasing experience. Retail applications are no longer a passing novelty; they are essential for businesses seeking to succeed in the digital era. Whether a retailer is a small firm or a huge

business, investing in a mobile app can help them equally in consumer retention, loyalty and income. As the retail landscape continues to evolve, the strategic adoption of mobile applications will remain a cornerstone for success in the digital age. (FE12102024)

ARTIFICIAL INTELLIGENCE

What is emotional AI and should we be concerned?

But with this rapid adoption comes critical questions about privacy, ethics, and the true impact of emotional AI.

By Gopika Nair

Emotional AI, or affective computing, refers to the technology that can sense and respond to human emotions by analysing data from facial expressions, voice tone, body language, and even physiological signals. While the idea of machines recognising emotions might seem futuristic, it's already being implemented in

industries like advertising, healthcare, and customer service. But with this rapid adoption comes critical questions about privacy, ethics, and the true impact of emotional AI. “Brands will always want that information to strengthen their connection with the audiences. Why wouldn’t they want to know their customers? The tricky part is where they draw the line. Should customers know their feelings are being recorded, captured, and used?” Tanuj Khanna, content lead, Wondrlab Network, said. Speaking as a creative person, knowledge allows us to create sharp communication. But, maybe the right way to get that knowledge is the old-fashioned way, with face-to-face interaction, he added.

How does it work?

Emotional AI uses algorithms trained to detect and interpret emotional cues through technologies like facial recognition, which tracks expressions, speech analysis which monitors tone, pitch, and pace, and biometric sensors which measure physiological responses such as heart rate or skin temperature. “Emotional AI often relies on various data sources, such as facial recognition, voice analysis, and sentiment analysis from social media. These methods can gather extensive personal data without explicit consent, breaching individual privacy,” Sindhu Biswal, founder and CEO, Buzzlab, added. For instance, a virtual assistant might detect frustration and adjust its tone to ease tension. However, the question remains can these systems truly grasp the complexity of human emotions, or are they oversimplifying the intricate nature of how emotions work?

Is it a tool for manipulation?

Brands have embraced emotional AI for its promise to drive more personalised interactions. 51% of marketers are using AI, according to a survey of over 1000

marketers conducted by Salesforce this year. But is this level of personalisation ethical? With real-time emotional analysis, marketers can tailor ads based on how someone feels—potentially leading to manipulative practices. For example, could brands exploit a consumer's emotional vulnerability to push products when they're most susceptible? However, there might be another way to look at it too. "When brands can read their consumer's emotions they can sell more of their products. I don't think it crosses ethical boundaries unless we are talking about kids and vulnerable adults," Pawan Prabhat, co-founder, Shorthills AI, opined.

The stakes are high. In an era when advertising is already under scrutiny for privacy violations, the question is whether emotional AI will take consumer tracking too far. Can a line be drawn between personalisation and manipulation? In healthcare, emotional AI holds potential, especially in mental health monitoring. Devices equipped with affective computing can track emotional states and provide insights to therapists about a patient's well-being. "Emotional AI is widely used across industries like call centers in banks, insurance companies, and healthcare services for sentiment analysis, helping understand customer emotions. In marketing research and digital advertising, it's applied in public spaces, and theme parks use it with computer vision to monitor crowd moods and line lengths," Glenn Gore, chief executive officer, Affinidi, said. For example, if a long line leads to frustration, the park may send over characters to entertain, enhancing the experience without intruding on privacy. The focus is on improving collective experiences by assessing general emotions, not on identifying or tracking individuals, making it a valuable tool for enhancing customer satisfaction, he added.

Consider the implications of constant emotional surveillance. Could this lead to a new level of intrusion into consumer privacy, where emotional data is misinterpreted or misused? If AI detects someone's stress level rising, should this

automatically trigger alerts, even in cases where it may not be clinically relevant? While the benefits of proactive mental health treatment are clear, the potential for overreach raises red flags.

Customer service: Personalisation or privacy violation?

Emotional AI is also being integrated into customer service systems. AI-powered chatbots can detect frustration in a customer's voice and escalate the issue to a human agent. 80% of customer service and support organisations will be applying generative AI technology by 2025, according to Gartner. While emotional AI promises more personalised interactions, it may also push boundaries that consumers are uncomfortable with. 52% of Americans are more concerned than excited about AI in daily life, according to Pew Research study. If a machine can detect when you're upset or stressed, what other data is it collecting, and how is it being used? There is also the risk that companies may store and analyse emotional data in ways that consumers didn't consent to. Could this lead to a future where emotional surveillance becomes the norm?

Privacy and ethics: Where do we draw the line?

The rise of emotional AI also brings significant ethical challenges. The collection and use of emotional data could lead to even greater concerns about privacy. For instance, if emotional insights are harvested by tech companies, what guarantees are there that this data won't be exploited for manipulative advertising or, worse, sold to third parties?

Europe's GDPR provides some protection, but emotional data falls into murky legal waters. Should new laws specifically govern how emotional data is used? Some experts call for more transparency and consent mechanisms, ensuring that consumers know when their emotions are being tracked and how that data is being used. But how many people are aware of the extent to which emotional AI is already part of their digital interactions?

“Data protection regulation should adopt a risk-based approach for emotion recognition systems, which process biometric, physiological, and behavioural data. Unlike GDPR, the DPDP Act, 2023 doesn’t distinguish between personal data categories. Regulations should differentiate positive use cases that enhance consumer welfare from those that pose risks in areas like housing, education, and healthcare. The DPDP Act should emphasise transparency through notice and consent, and businesses should develop standards for high-risk applications. Regulations must also address social exclusion due to system inaccuracies, with Data Protection Boards collaborating on grievance redressal mechanisms in sensitive sectors,” Sidharth Deb, public policy manager, The Quantum Hub, said.

Is it a dangerous precedent?

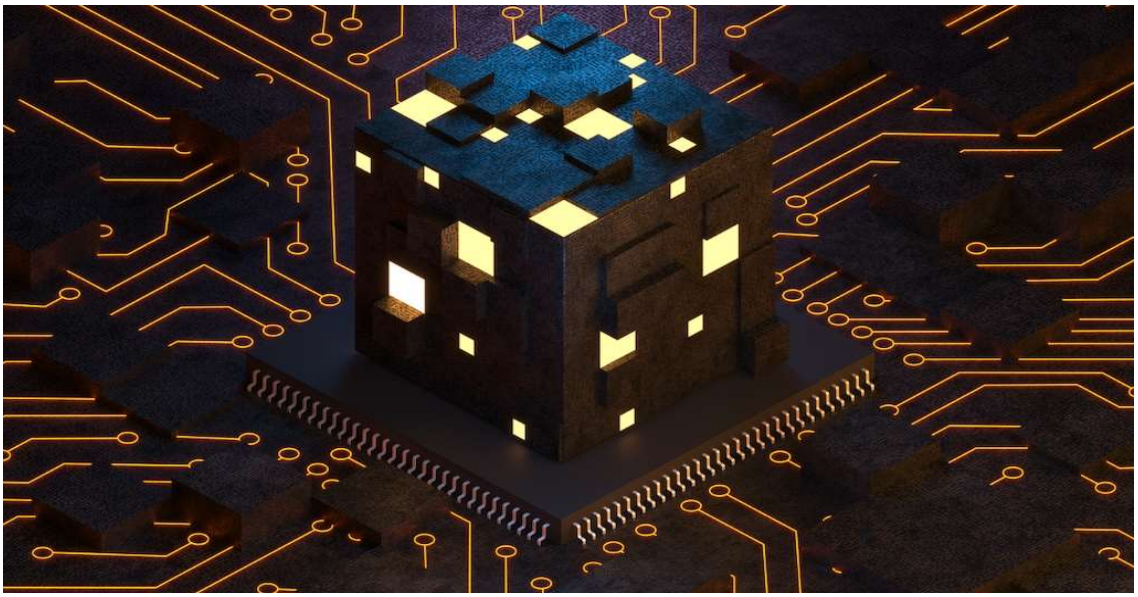
The artificial intelligence market is projected to grow from $214.6 billion in 2024 to $1339.1 billion in 2030, according to Markets and Markets. As this technology becomes more embedded in daily life, it’s worth asking: is this truly the future we want? Emotional AI has the potential to transform industries and create more personalised experiences, but it also risks eroding boundaries between humans and machines.

Are we willing to trade privacy for convenience? Should we embrace AI’s role in understanding and reacting to human emotions, or should we push for stricter regulations to protect against potential abuses? As emotional AI continues to evolve, the answers to these questions will determine whether it becomes a force for good—or a technology that crosses too many lines. (11102024)

How Blockchain and AI transform brand communication and security

In this modern interconnected world, digital trust has become essential for business success. H

By Saket Newaskar



Imagine customers entering a retail store and receiving an unexpected notification from a brand offering a considerable discount. However, there is uncertainty as to whether or not this offer is genuine, underscoring the necessity of digital trust in businesses. When companies establish trust, customers are more inclined to participate in offers such as digital coupons without concern for scams or deception.

In this modern interconnected world, digital trust has become essential for business success. Here is where blockchain and artificial intelligence (AI) come in to simplify the business process. Combining AI and blockchain creates an influential duo that enhances brand communication and security. Brands must prioritise data integrity and privacy by implementing blockchain-integrated and AI-infused solutions. This approach safeguards sensitive information and improves the transparency and trustworthiness of interactions between parties.

Brands must now adopt these technologies to maintain authentic connections with customers in an increasingly digital landscape. According to a Markets and Markets report, the blockchain market is projected to reach $703 million and grow at a compound annual growth rate of 25.3% by 2025.

Increasing trust through the integration of AI and blockchain

The immutable, decentralised ledger system at the core of blockchain technology ensures that no entity can modify documented data. This is vital in an era in which 80% of clients consider trust in brands an essential factor in their purchasing decisions (Harvard Business Review). By utilising blockchain as a communication channel, brands can ensure the authenticity of their customer interactions by maintaining an auditable trail that can be accessed at any point during the purchasing process.

Artificial intelligence (AI) improves the safety of the blockchain by enhancing data administration efficiency, reducing the time and effort required to secure information, and rapidly identifying patterns or anomalies in real-time. Imagine AI scanning brand communications before distributing them to consumers to identify potential copy or misinformation. This capability alone could save companies billions in reputation management expenditures in industries such as finance and healthcare, where trust is paramount.

AI-powered algorithms can rapidly process and verify large volumes of data on a blockchain network, thereby establishing an environment in which brands can confidently convey messages and be secure in the knowledge that their target consumers trust them. This includes verifying transactions or brand communications.

Statistics regarding the influence of blockchain technology

The potential for blockchains to revolutionise identity verification has already begun to manifest in various sectors. Per Markets and Markets report, the global blockchain identity management market size is expected to experience a significant increase from USD 1.3 billion in 2023 to USD 35.1 billion by 2028 due to the growing demand for secure decentralised identity systems that exploit vulnerabilities associated with traditional centralised models. Blockchain identity verification systems also assist brands in authenticating their messaging by limiting access to verified users.

The future horizon

Blockchain and AI will further transform how brands interact with their audiences in the future. Combining blockchain's incorruptible records and AI's capacity to learn and predict consumer behaviours will provide consumers with a transparent, seamless experience free from data misuse or fraud. This is especially true because smart contracts incorporating AI are already establishing new frontiers of efficiency and trust across various industries.

Blockchain and AI technologies are no longer futuristic concepts; businesses must integrate both technologies to thrive in the digital age.

In conclusion

Blockchain and AI technologies are revolutionising how brands build trust in the digital era. From improving data security to streamlining identity verification processes, they ensure brand communications are verifiable and tamper-proof – essential in an age where transparency is everything. Businesses seek fraud-resistant operations, and consumers demand greater transparency, marking their place as integral solutions in an age where trust is everything. (FE05102024)

Internet of Things in the age of AI

As IoT and AI continue to commercialise, their broader business adoption will depend on their ability to drive higher revenues and profit margins.

By Srinath Sridharan

A decade ago, the term Internet of Things (IoT) was buzzing in every conversation. It was touted as the next big thing, a technology that would make our lives smoother and richer than silk. Businesses and governments alike rallied behind its potential, with the promise of a futuristic utopia — creating smarter cities, homes, and industries. In India, IoT was a core idea in the push for modernisation, from the launch of the Smart Cities Mission to the wider Digital India programme.

Fast forward to today — while IoT is very much present, it feels as though the spotlight has shifted. Artificial intelligence (AI) has taken centre stage as the hottest topic in tech. Once upon a time, IoT was supposed to be everywhere — embedded in the objects around us, transforming data into actionable insights that could revolutionise everything from traffic management to healthcare. AI has now eclipsed IoT in terms of both hype and industry focus. The emergence of

generative AI models has captivated both businesses and consumers, presenting AI as a transformative force with immediate impact.

But let's take a step back. It's not that IoT failed or disappeared — it's just no longer the sole protagonist. In many ways, IoT has become the quieter partner in an ever-growing, ever-evolving tech ecosystem. Think of IoT as the eyes and ears — gathering data, sensing the environment, and providing the raw material for the brain, AI, to process. While IoT collects data, AI takes that data and turns it into something useful, like making real-time decisions, predicting outcomes, or automating actions. Together, they present a new hybrid: the Artificial Intelligence of Things (AIoT), a global market expected to grow to over $250 billion by 2030.

Over the past decade, IoT has evolved from a nascent technology into a global phenomenon, with over 14.4 billion connected devices in 2023. This growth has been driven by advancements in wireless technologies, the miniaturisation of sensors, and the rise of cloud computing. Yet, in India, the narrative hasn't always been this seamless. The dream of IoT-driven urban utopias — smart cities, where sensors in every corner would streamline governance and improve daily lives — has not materialised as quickly as anticipated. The mission has rolled out interconnected systems in select cities, with command centres monitoring traffic, air quality, and civic amenities in real-time. These systems proved invaluable during the pandemic, tracking hospital beds and oxygen supply. However, many cities are yet to see cohesive citizenry-civic impact, and if things haven't improved, it's not technology's fault.

On an individual level, IoT devices have integrated into our lives — think smartwatches monitoring heart rates or home security systems watching our doors. In industries, IoT sensors give manufacturers control over production processes, monitoring everything from machinery health to energy consumption.

Indian offices and factories are adopting IoT for predictive maintenance and efficiency, but the revolution hasn't been as transformative as promised.

One reason why AI dominates conversation is its vast scale of applications. IoT devices globally are expected to cross 18 billion by 2024, but AI's ability to process enormous amounts of real-time information — analysing video streams or crunching data from millions of sensors — has made it indispensable. Companies have redirected much of their investment to AI, attracted by its promise of immediate returns.

In India, this challenge is compounded by policy inertia. Despite the strong push for Digital India, our participation in global standards fora has lagged, limiting wider IoT adoption. Regulatory frameworks for IoT security are still catching up, leaving businesses vulnerable to cyber threats. The absence of a unified global body regulating IoT standards presents challenges, with varying regulations across regions creating barriers to interoperability and scalability. This fragmentation complicates compliance and stifles innovation, as companies struggle to deploy IoT solutions effectively. In a world where technology transcends borders, the lack of cohesive regulation risks turning opportunity into vulnerability. Without harmonised global standards, innovation is slowed and fragmented, leaving businesses to navigate a maze of rules, while the promise of IoT remains just out of reach.

As IoT and AI continue to commercialise, their broader business adoption will depend on their ability to drive higher revenues and profit margins. For governments, it's about enhancing agility in decision-making and governance. For citizens, IoT and AI hold the potential to alleviate civic chaos and improve administrative efficiency. However, for these technologies to transform governance systems, significant investments in capacity-building, training, and

intent are required at all levels. It's not about high-profile project launches or trending hashtags — real value will come when grassroots governance adopts these technologies to enhance public services, urban management, and civic engagement.

IoT is simply evolving. India's digital transformation mirrors its analogue precedent — relying on bureaucratic processes, physical verification, and paperwork that hindered efficiency. With IoT-driven smart governance and AI-led data processing, we could move toward a future where technology enables faster decisions and improved services. India's future doesn't lie in choosing one technology over another, but in integrating them in a way that suits its unique challenges. IoT, AI, and cloud computing should be synergised to solve problems.

AI, a 70-year journey of human ambition and computational evolution, has finally found its stage, while IoT, its younger sibling, listens and connects — quietly building the foundation for AI's rise. IoT and AI are disruptors reshaping the fabric of human society. Without thoughtful regulation, their impact can bring profound benefits or unforeseen consequences, challenging us to navigate this dual-edged transformation responsibly. With trillions of IoT sensors encircling the globe, humanity may soon find itself dreaming in data, streaming every movement, moment, and thought to unseen sensors as the line between reality and digital surveillance blurs into an all-seeing network.

While AI and IoT will undeniably shape our future, the real impact will depend on how we choose to wield them. Technology is inherently neutral — it can empower individuals, streamline governance, and enhance quality of life, but it can also lead to increased surveillance, inequality, and environmental harm if misused. The key lies in human intelligence and intent. Leaders, policymakers, and individuals must guide these technologies with thoughtful decisions, ensuring

they are aligned with societal goals, ethical standards, and sustainable development. In the end, it is not the capabilities of AI and IoT that will define our future, but the choices we make on how to use them. (19102024)

ADVERTISING MANAGEMENT

Performance based advertising – Pay only for results, no fluff

Rather than simply showing an ad to an audience and hoping for the best, this model ties payments directly to measurable outcomes, ensuring that every advertising dollar counts.

By Shailja Tiwari

In advertising, paying for something without knowing if it works is like buying a plane ticket without a destination. Performance-based advertising eliminates this uncertainty by focusing on paying for actual results. Rather than simply showing an ad to an audience and hoping for the best, this model ties payments directly to measurable outcomes, ensuring that every advertising dollar counts.

What is performance-based advertising?

Performance-based advertising is a digital marketing strategy where advertisers only pay when a specific action takes place. This action could range from clicks on an ad, sign-ups, leads, or actual purchases. The idea behind this model is simple: rather than paying for exposure, advertisers pay for results. The focus is on efficiency and ensuring that marketing budgets drive direct and tangible outcomes.

The model typically comes in a few varieties, each tied to different outcomes:

Pay-Per-Click (PPC): Payment is made whenever someone clicks on the ad, regardless of whether they convert into a customer. Platforms like Google Ads and Facebook Ads use this model extensively.

Pay-Per-Impression (PPI): A charge occurs based on the number of impressions an ad receives, typically for every thousand views. Though this model is more focused on visibility than action, it can still be used to drive brand awareness.

Pay-Per-Lead (PPL): In this case, the payment is triggered when a potential customer provides their contact information or expresses interest in the product or service.

Pay-Per-Sale (PPS): Payment is only made when an actual sale occurs. This model, often called cost-per-acquisition (CPA), ensures advertisers only spend when a transaction happens.

How it works

The process begins with setting clear campaign goals, whether it's increasing website traffic, generating leads, or driving sales. The next step involves targeting the right audience, which can be refined using factors like demographics,

interests, and browsing behaviours on platforms like Google and social media networks.

After the target audience is set, engaging ads are created to inspire action. The performance-based model places importance on clear and actionable messaging since the goal is to prompt users to take a specific step. Monitoring the campaign is essential, as it allows for real-time adjustments to optimise performance. Tracking the success of each ad helps determine its cost-effectiveness, allowing for adjustments in creative elements, targeting, or budget allocation.

Benefits of performance-based advertising

Cost efficiency: By paying only for the desired outcome—whether clicks, leads, or sales—advertisers can ensure their marketing spend directly aligns with the campaign's success. This model minimises wasted budget compared to traditional advertising methods, where payment is made regardless of engagement.

Measurability: Every aspect of the campaign can be tracked, from impressions to final conversions. This high level of measurability allows for a precise understanding of the return on investment (ROI) and enables data-driven decision-making throughout the campaign.

Accountability: Since advertisers only pay for actual results, both the advertiser and the platform are held accountable. The ad's performance directly affects the payment, ensuring that platforms provide high-quality traffic and legitimate results.

Flexibility: Performance-based advertising allows for real-time optimisation. If a campaign isn't delivering the expected results, adjustments can be made instantly—whether that means changing the ad creative, refining the audience targeting, or reallocating the budget to a more effective channel.

Challenges of performance-based advertising

While the benefits of performance-based advertising are clear, the model does come with a few challenges:

High competition: Popular keywords or audience segments can become highly competitive, driving up costs, especially in industries like finance, travel, and e-commerce.

Ad fraud: Click fraud, where bots or fake users generate clicks on ads, can lead to wasted ad spend. While platforms have measures to detect and block fraudulent activity, it remains a concern for advertisers.

Limited brand awareness: Since performance-based models focus on immediate, measurable actions, they may not be ideal for campaigns focused on building long-term brand awareness. For such goals, traditional advertising models that focus on exposure may be more effective.

Why it works

Performance-based advertising is designed for businesses and marketers who prioritise accountability, cost-effectiveness, and measurable results. Instead of paying for possibilities, the model ensures payment is tied to actual outcomes, providing a more controlled and predictable advertising environment. With the ability to track every action and optimize campaigns in real-time, performance-based advertising offers a solution that is both dynamic and results-driven.

This approach is particularly valuable in the digital age, where data and insights can be leveraged to continually improve marketing strategies. By aligning payments with performance, the model offers a more transparent and efficient way to allocate advertising budgets and achieve meaningful outcomes. (FE08102024)

MARKETING

What is a MarTech stack?

At its core, a martech stack can include various types of software, such as CRM (customer relationship management) systems, CMS (content management systems), email marketing platforms, social media management tools, analytics software, and more.

By Gopika Nair

Martech (marketing technology) has become essential for brands aiming to optimise their marketing efforts and enhance customer experiences. But what is a martech stack? A martech stack essentially refers to the collection of tools and technologies that marketing teams utilise to plan, execute, and analyse their marketing campaigns. From what is understood, this integrated suite of software solutions streamlines processes improves efficiency, and enables data-driven decision-making, making it an invaluable asset for organisations of all sizes.

“When putting together a marketing technology stack, it’s critical to understand which technologies are basic and should be implemented first,” Olufunto Okuboyejo, head, digital marketing/ IT, First Ally Capital, wrote in her column.

At its core, a martech stack can include various types of software, such as CRM (customer relationship management) systems, CMS (content management systems), email marketing platforms, social media management tools, analytics software, and more. Although each component serves a specific purpose, a stack consisting of all these will provide the company with a better customer experience and marketing performance. “Because content marketing has become such an important aspect of many firms’ strategies, having a CMS is critical to running and controlling such plans in terms of content output,” Okuboyejo added.

Marketers report utilising just 42% of the breadth of capabilities available in their martech stack overall, revealed a report by Gartner. From what is understood, one of the key advantages of a well-integrated martech stack is the ability to centralise data from various sources. This enables marketing teams to gain insights into customer behaviour, preferences, and engagement patterns, leading to more effective targeting and personalisation. Moreover, a martech stack facilitates seamless communication and collaboration among different marketing channels. For example, an integrated system can synchronise email marketing campaigns with social media efforts, allowing for a cohesive message and improved customer experience. There are over 8,000 marketing technology solutions available, ranging from marketing automation platforms to data management tools, according to Chief Martec.

Despite the benefits, organisations must also consider the challenges associated with implementing and managing a martech stack. One major concern is the potential for data silos, where information becomes isolated within specific tools, hindering the ability to derive comprehensive insights. Experts believe that almost half of marketers cite data integration as one of the biggest challenges they

face when using multiple marketing technologies. To address this issue, companies must prioritise interoperability and ensure that their selected tools can communicate effectively with one another.

Another critical factor is the need for ongoing training and support for marketing teams to maximise the potential of their martech stack. As technology evolves rapidly, staying updated on the latest features and best practices is essential for optimising marketing performance. 70% of marketers reported that they do not fully utilise the features of their marketing software, according to a survey by HubSpot.

In conclusion, a martech stack is a vital component of modern marketing strategy, providing organisations with the tools necessary to enhance customer experiences, streamline processes, and make data-driven decisions. As marketing technology continues to evolve, businesses must invest in the right tools, prioritise integration, and focus on training to fully leverage the benefits of their martech stack. By doing so, they can drive growth, improve efficiency, and ultimately achieve their marketing objectives in an increasingly competitive landscape. (FE04102024)

Brands get ready: 89% of consumers to start holiday shopping early with bigger budgets and shift to online spending, says IAS report

As consumers plan to increase holiday budgets by 88% and start shopping earlier, brands have a prime opportunity to capture online spending, according to the latest IAS report

By **Shailja Tiwari**

As the festive season lights up the horizon, Indian consumers are already prepping their shopping carts, and this spells a huge opportunity for advertisers. 89% of consumers plan to start their year-end holiday shopping before November, according to Integral Ad Science's (IAS) Holiday Shopping in India 2024 report. Online shopping is the star of the show, and brands that can play to this trend will unwrap success in the coming months.

The Early Birds (with Bigger Wallets)

Holiday shoppers are getting a head start—89% plan to begin their buying spree before November, aiming to avoid high prices and snap up early discounts. It's a classic case of 'the early bird gets the best deal,' and brands that launch their campaigns early could catch these eager buyers.

In addition, 88% of shoppers are expanding their budgets, ready to splurge more than they did last year. That's a gift for advertisers, even though 32% are trimming their gift lists to deal with rising prices. Fewer gifts, maybe, but with more value on each? There's an opportunity there for smart brands.

Mobile Phones: The New Shopping Malls

Shoppers are bypassing the bustling markets for their smartphones this season. 79% of consumers plan to shop online, with 80% using mobile devices to hunt for gifts. E-commerce sites and social platforms are the top destinations for

buying, meaning advertisers have a direct line to festive wallets through digital platforms.

Ads Aren't Annoying Anymore (If Done Right)

Surprisingly, 93% of consumers say online ads are key for discovering new products, and 95% agree these ads make it easier to find budget-friendly promotions. In fact, the holiday season has consumers in a more ad-friendly mood—52% say they're more receptive to online ads now than any other time of year. But here's the kicker: they want relevance. Ads that feel 'just right,' offering deals based on previous purchases or appearing on trusted sites, are the ones that will hit the mark.

It's clear: if your ad speaks to the consumer in a helpful, timely way, you're not just interrupting their feed, you're saving their day.

Stress-Free Shopping, Courtesy of Ads

For time-crunched shoppers juggling holiday lists, 54% believe online ads help reduce the stress of hunting down the perfect gift, while 55% say ads save them time. This means your ad could be the hero that makes their holiday shopping experience smoother—and drives them to click 'buy.'

The Big Takeaway for Advertisers

This festive season, it's not just about who can shout the loudest with big sales; it's about who can provide the most seamless, relevant, and convenient online shopping experience. Target the early birds, use mobile-first strategies, and serve ads that add value instead of clutter. Those who strike this balance are likely to unwrap a very happy holiday season of their own. (03102024)

CORPORATE SOCIAL RESPONSIBILITY

The crucial role of family philanthropy in shaping India's future

As family businesses increasingly adopt more strategic, professional approaches to managing wealth through family offices, the same intention can be extended to their philanthropic efforts.

By Rajan Navani and Neera Nundy

Philanthropy in India is gaining momentum, with private giving increasing by 10% in FY 2023, totalling Rs 1.2 lakh crore, according to the India Philanthropy Report 2024. Among the most promising trends is the rise of family philanthropy, which saw a 15% increase last year. This growth, driven by contributions from ultra-high-net-worth individuals (UHNIs), high-net-worth individuals (HNIs), and affluent givers, is projected to continue at a 16% annual rate through FY 2028.

This upward momentum reflects the maturation of India's philanthropic landscape, transitioning from a tradition-bound sector to a dynamic, strategic force. Over the past decade, the philanthropic ecosystem has seen significant

growth in participation and engagement. Intermediary organisations have emerged to guide philanthropists, foundations, and corporations on their giving journeys. Simultaneously, increased research and insights from these intermediaries and consultancies are offering a clearer understanding of philanthropic trends. Platforms and networks that foster collaboration among funders have become more accessible, enhancing knowledge sharing across the sector. The rise of collaborative funds has expanded opportunities for contribution, while wealth management firms are establishing dedicated philanthropy advisory desks to meet the growing demand for impactful giving strategies.

Challenges in India's Philanthropic Infrastructure

Despite these positive developments, a significant gap remains between the giving potential of domestic givers and the needs of India's disadvantaged communities. Six critical areas of infrastructure remain fragmented, hindering the full potential of philanthropic capital in India.

Data Fragmentation and Accessibility: Many philanthropists grapple with crucial questions: Where can I find credible NGOs to support? How can I ensure a specific NGO is reliable? These concerns highlight a major challenge—the absence of a centralised, comprehensive data source. Currently, data on philanthropy is fragmented, often undigitised, and difficult to access. This lack of reliable information hampers informed decision-making and effective partnership-building, ultimately limiting the impact of philanthropic efforts.

Limited Access to Research and Actionable Insights: Philanthropists are often passionate about the causes, regions, or communities they wish to support. They strive to make informed decisions by deeply understanding these issues. However, the knowledge they seek is often scattered across various

platforms and presented in technical or theoretical language that can be difficult to digest, particularly for those without specialised expertise. While research on philanthropy in India is growing, its fragmented nature complicates access, and the tendency to treat social issues like education, sanitation, healthcare, and employment in isolation further diminishes its practical value.

Gaps in Strategy and Execution Support: Philanthropists often have the capital and a directional vision of what they want to achieve, but they may lack the time and expertise to translate that vision into action, particularly within India's complex development ecosystem. Donors struggle to navigate this landscape due to the absence of robust support systems and the difficulty in finding advisors and consultants who truly understand the sector's intricacies.

Limited Availability of Shovel-Ready Vehicles: The philanthropic sector struggles with a lack of well-designed, investment-ready vehicles that align with the diverse needs of donors. Although there is a range of giving patterns and aspirations, there are currently few options that cater to these variations. This shortage of tailored vehicles hinders the effective deployment of philanthropic capital, making it difficult to scale impactful giving.

Need for Stronger Peer Networks and Role Models: Another challenge is the limited exchange of knowledge and experiences among philanthropists. While peer networks are emerging, they tend to be concentrated within specific groups or regions, which can limit broader learning and collaboration opportunities. Without expanding these networks to connect philanthropists across different geographical areas and causes, there may be duplication of efforts, and missed opportunities for cross-learning.

Creating a Unified Narrative for Philanthropy in India: Philanthropy has yet to become a mainstream conversation in India. The absence of a cohesive, nationwide narrative makes it difficult to establish philanthropy as a social norm. Without a unified message that resonates across the country, the catalytic

potential of giving remains underleveraged, limiting broader participation and hindering the development of a more pervasive culture of philanthropy. Opportunity for Family Philanthropy in Strengthening Philanthropic Infrastructure

Family philanthropists have long played a pivotal role in India's development, contributing both through their family businesses and personal giving. As family businesses increasingly adopt more strategic, professional approaches to managing wealth through family offices, the same intention can be extended to their philanthropic efforts. Establishing a 'family philanthropy office' offers families the opportunity to align their investments and philanthropy, maximising both financial returns and social impact.

Given the flexibility of family philanthropic capital, family philanthropists are uniquely positioned to address gaps in India's philanthropic ecosystem by deploying patient capital that supports innovation. Particularly for those who have been giving for many years, there is a significant opportunity to lead efforts in strengthening the sector by focusing on the six critical areas discussed above. By investing in nonprofit capacity building, developing investment-ready vehicles, enhancing advisory services, and funding research, innovation, monitoring, and evaluation, evolved family philanthropists can help build the necessary infrastructure that transcends traditional boundaries and fosters systemic change.

Some families are already leading the way in ecosystem strengthening. According to the India Philanthropy Report 2024, there is a growing aspiration among various cohorts within family philanthropy—including Inter-Gen givers, Now-gen givers, professionals, and women—to invest in these areas. For instance, 39% of these groups prioritise ecosystem strengthening, recognise the critical need to bolster capacity building, create innovative giving platforms, and develop specialised systems and processes.

The rising interest among Inter-Gen and Now-Gen givers in these emerging investment areas underscores the shifting focus within family giving. It presents an inspiring opportunity for others in the broader philanthropic community. By harnessing this momentum, these families can lead a collective effort to strengthen India's giving ecosystem, ultimately paving the way for more impactful and sustainable social change.

Conclusion

As India stands on the cusp of social and economic change, the role of philanthropy has never been more critical. By embracing bold strategies and strengthening the philanthropic ecosystem, family givers, in particular, can shape a more inclusive and equitable future for India. The decisions made today will echo across generations, steering India toward a future defined by innovation, compassion, and shared prosperity. (FE22102024)

FINANCE

Green transition: Reducing cost of capital

When companies repay their financiers, those freed-up funds can be used to support new projects and investments.

By Akhilesh Tilotia

Green transition requires trillions of dollars of investments over the next several decades. This point is, by now, well known and understood. Two important concepts deserve more attention: (a) investment is not the same as financing, and (b) reducing the cost of capital does not come from low-cost capital — it comes from intelligent structuring of the capital stack.

Investment and financing are different

In a column last year, we discussed how professionals in climate finance come from diverse backgrounds and interpret key terms differently. For instance, we noted that "equity" means the riskiest part of the capital stack for investors, while social and climate practitioners view it in terms of justice and inclusion. Similarly, the terms "investments" and "finance" often get mixed up. People frequently link the total capital needed for investments directly to the amount of finance required. While this connection can hold true at specific times, it changes significantly over time.

From a company's perspective, investments represent the asset side of the balance sheet. This represents the money invested in assets like factories, solar farms, or green hydrogen plants, or investments in research and development. In contrast, finance refers to the liability side — how these investments are funded, whether through equity, debt, grants, etc. Initially, if an investment requires Rs x million, one will need to arrange Rs x million in financing. Over time, several developments occur. Ideally, the investment begins generating positive cash flows, reflected as profits and retained equity on the company's balance sheet. This allows the company to generate its own capital and repay external financiers — debt holders get repaid and, in some cases, some equity is also returned. As investments start yielding returns, the nature and amount of financing required changes significantly.

When companies repay their financiers, those freed-up funds can be used to support new projects and investments. When we talk about the billions of dollars needed annually for the green transition in India, it is essential to remember that this figure relates to the asset side of the equation. The liability side is constantly evolving. Depending on the types of investments being financed each year, the requirements for equity, debt, or other forms of capital will vary. As industries stabilise and become self-financing, they will need less external capital. Understanding the distinction between investments and finance is crucial for developing effective macroeconomic plans. The total financing requirements are expected to be significantly lower than the anticipated investment amounts. Additionally, it is important to specify the types of financing instruments involved.

Lowering the cost of capital

A chimera in the green transition landscape has been the elusive promise of capital available at lower costs than traditional funding. The concept of "greenium" — the idea that financing green assets would somehow lessen the fiduciary duty of asset managers to pursue adequate returns — had gained traction.

However, real-world evidence from sovereigns, public, and private entities, along with extensive academic research, shows that any reduction in cost is minimal, typically around 1 to 2 basis points (one-hundredth of a percentage point). In India, for instance, the government has even had to cancel the issuance of sovereign green bonds due to the absence of a greenium. Regular readers of this column will not be surprised to not find any "greenium". Yet, there is still hope for reducing the overall cost of capital. If we focus on lowering the weighted cost of capital, we can address this through smart financial structuring. One key

principle of corporate finance is that cash flows and associated risks can be segmented into tranches. By breaking down semi-variable cash flows, we can create a stream that is more certain (lower risk) alongside a riskier portion that takes on more volatility. A broader range of investors — like banks, insurance companies, pension funds, and sovereign wealth funds — are interested in lower-risk securities, while other investors can handle the riskier segments.

Many industries driving the green transition are still emerging and face various risks, including technology, financial viability, regulatory, and competitive challenges. These uncertainties keep capital costs high. To tackle this, we need a tranche of capital designed to absorb the risks while providing some reassurance to other investors about the company's viability. This risk-absorbing tranche can offer high returns when successful, while also accepting the potential for total loss.

Multilateral development banks, climate-focused institutions from the global North, philanthropies, and governments could collaborate to establish an entity dedicated to pooling high-risk capital. Let us call this the National Green Finance Institution. Such an institution could play a crucial role in the financial capital stack for green transition industries. By providing this buffer of capital, it could enhance the availability and affordability of other funding sources, ultimately lowering the overall cost of capital for green transition. (FE18102024)