

# AD NEXT



## THE AI EDITION

How AI is shaping  
the future of advertising

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A report by **ASCI** + *parallel*  
ACADEMY

# REPORT SUPPORTED BY

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# INTRODUCTION



**Is the future of advertising here? With Artificial intelligence (AI) fundamentally reshaping how brands connect with consumers, optimise campaigns, and personalise experiences, its arrival has ignited a wave of excitement in the advertising industry. AI offers advertisers new opportunities to engage with a generation of consumers who are not just exposed to AI but are active users of it in their daily lives.**

Imagine a world where every advertisement feels like a personal conversation; where brands proactively anticipate consumer's needs; where privacy and progress co-exist; and where creativity is amplified by technology, not replaced by it. AI is getting increasingly intertwined into the very fabric of modern life and will only solidify its influence and impact in the future.

Organisations are scrambling to embrace this new paradigm, eager to ensure they aren't left behind in the AI-driven future. There's a palpable sense of momentum, a race to capitalise on the unprecedented opportunities that AI presents.

This unique report explores the profound impact of AI on advertising, particularly within the dynamic Indian market. From audience discovery and media optimisation to hyper-personalisation, creative content generation, and even total campaign creation, AI is rapidly becoming an indispensable tool across the advertising landscape. The potential for growth within India's vibrant internet economy is immense, making AI adoption a critical imperative.

# INTRODUCTION

Yet, with these immense opportunities come significant considerations, which demand a thoughtful and responsible approach to AI's adoption. This report arrives at a crucial juncture, where the industry must create standards to mitigate risks and ensure that AI integration is both sustainable and responsible.

This report brings together the perspectives of 20 leading Indian practitioners and thought leaders from across the digital ecosystem—brands, agencies, legal minds, academia, and tech innovators—to examine the complex interplay of technology, responsibility, and human connection.

Within these pages, we will examine:

- 01** The evolving perceptions of AI within the advertising industry, highlighting both the exciting opportunities and challenges they present.

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- 02** The current landscape of industry readiness and adoption patterns for new AI products, recognising the diversity of approaches across sectors in India.

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- 03** The imperative for brands to embrace transparency as a cornerstone of building consumer trust in an AI-driven world.

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- 04** The development of necessary standards and protocols to guide responsible AI innovation in advertising.

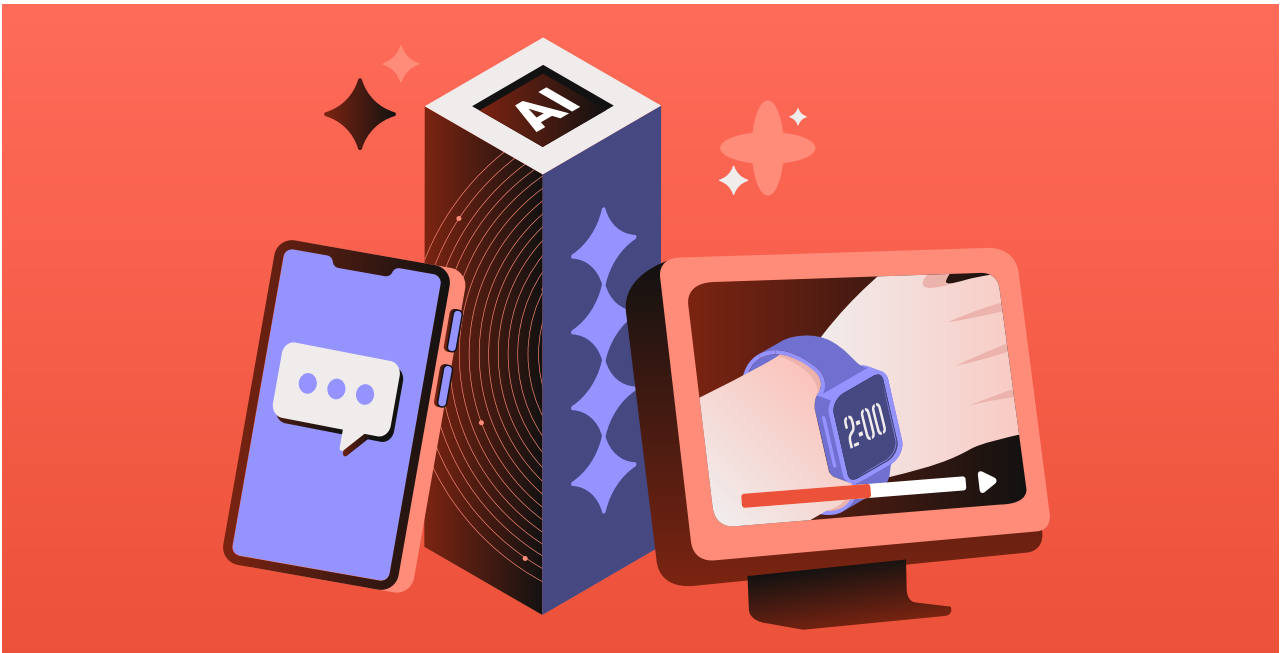
# INTRODUCTION

The insights in this report are not abstract; they are rooted in real-world experiences and expertise. This is a call to action for marketers, technologists, policymakers, and consumers to unite in a constructive dialogue about the future that seeks to harmonise innovation and responsibility within India's thriving innovation economy.

**The choices we make today will shape how the AI revolution in advertising can become a catalyst for progress, empowering both business and society. This is just the foundation of this dialogue, a crucial first step, and it's vital to remember that the future of AI in advertising is as much about our human values as it is about technological advancement.**



# EXECUTIVE SUMMARY



**Artificial Intelligence (AI) continues to be a catalyst in advertising workflows and enhancing consumer experiences.**

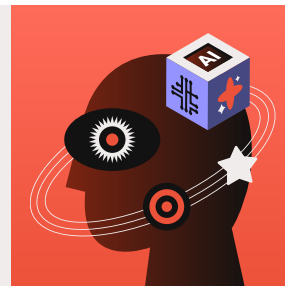
AI optimises ad spending and automates routine tasks while enhancing strategic and creative endeavours. This is particularly appealing to industries with resource constraints. While experts are optimistic about efficient workflows and personalised experiences, they also suggest responsible adoption of AI frameworks.

New AI technology is undoubtedly transforming advertising through personalised multimedia campaigns and immersive experiences. Yet, its true strength lies in augmenting—not replacing—human creativity. The industry has embraced AI’s role in crafting compelling and nuanced narratives. However, this advancement necessitates a responsible and sustainable AI adoption.

This report aims to shed light on the key trends, opportunities, and challenges associated with AI in advertising in exploring four areas of enquiry to derive these learnings

01

## Perception of AI



- The industry is optimistic about AI's potential to optimise ad spending and personalise consumer experiences.
- AI's ability to enhance creative and strategic thinking presents a compelling value proposition for industries, where success depends on rapidly delivering innovative experience design.
- Experts advocate for a balanced approach, ensuring innovation-enabling and responsible use of AI.

02

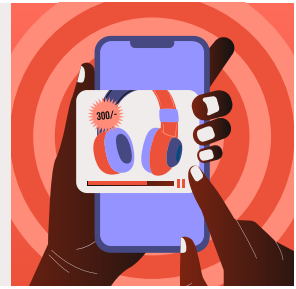
## Industry Adoption and Readiness



- Digital-native sectors embrace AI more swiftly, while more regulated industries adopt a cautious approach.
- The next decade is expected to see increased AI investment across all sectors.
- Gen AI presents SMEs with a unique opportunity to accelerate AI adoption and experience a level playing field against larger corporations.

03

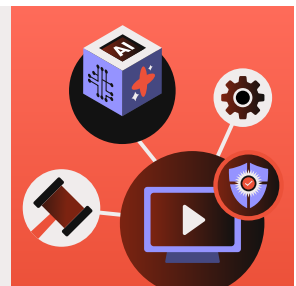
## Consumer-centricity



- Widespread digital adoption has created a virtuous cycle for Indian consumers, making them global frontrunners in AI adoption.
- Brands will benefit from balanced and appropriate disclosures to ensure consumer trust.
- AI literacy of users is a must in India. It is important for brands to help consumers understand AI's capabilities and limitations and to address any concerns they may have.

04

## A Responsible AI Framework



- There is a strong recognition of the need for a framework that creates the right accountability for industry. The imperative is to ensure that there is a correct balance between responsibility and innovation.

**This report emphasises that the future of AI in advertising is as much about human values as it is about technological advancement. It urges the industry to prioritise responsible innovation, transparency, and consumer trust while pushing the boundaries of creativity and production.**



# DECODING PERSPECTIVES

Key Findings from Expert Views  
on AI Integration



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1

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# PERCEPTION OF AI



The integration of artificial intelligence in advertising is reshaping brand experience and disrupting traditional models with enhanced personalisation and increased efficiency. Advertisers and industry leaders are optimistic about its potential to improve consumer engagement, streamline operations, and elevate creative expression.

As brands explore this evolving frontier, the focus is shifting towards responsible adoption—one that leverages AI's power to enhance creativity and strategic insight while maintaining transparency and trust.

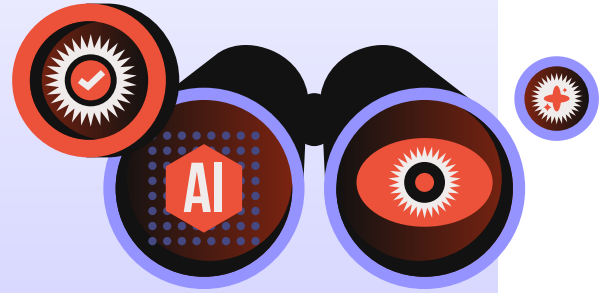
As AI continues to evolve, the key question remains:



**How can brands harness AI to drive innovation while maintaining authenticity and creative depth that define great advertising?**

1A

# Optimism around AI Integration



The advertising industry is undergoing a transformation, powered by AI's ability to drive efficiency and personalisation. While industry leaders are embracing AI's capacity to optimise ad spending and automate routine tasks, strategic and creative integration can help transform ad experiences for consumers.



**AI's strength lies in its ability to personalise consumer experiences at scale while optimising ad spending and automating tasks for advertisers.**



A study conducted by Yahoo and Publicis Media<sup>1</sup> in 2024 across businesses based in the US found that 75% of advertisers cited cost efficiencies as the primary benefit of AI integration. This efficiency is a result of using AI to effectively target audiences and personalise content, leading to higher returns on ad spend and reduced costs.

But these benefits are not limited to advertisers or businesses alone. AI has enabled a transformation in the advertising experience for consumers as well.

<sup>1</sup> *The Future of AI and Advertising Study - Yahoo + Publicis*



## A New Era of Personalisation

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AI-driven personalisation is redefining how brands connect with their audiences, moving beyond broad demographics to highly tailored, individual experiences. By leveraging machine learning and data analytics, advertisers can now craft messaging that resonates with the audience, ensuring that content feels relevant and engaging.



*“What AI has also helped us with is to create a great environment of not just personalisation but individualisation... I can create a personalised programming grid based on your preferences; it should be fresh whenever you come.”* says Bharat Gupta, CEO, Jagran New Media.

AI-powered sentiment analysis and audience feedback tools provide brands with a deeper understanding of consumer trends. Programmatic advertising, driven by AI, automates ad purchases and uses algorithms to make real-time, data-driven decisions.



*“You can use AI to feed your consumer insights; create a framework to identify similar audiences and deploy mechanisms like notifications, personalisation, and content discovery”* Gupta adds.

## Improved Efficiency and Productivity

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Beyond personalisation, AI enhances efficiency within advertising teams. Tasks such as content summarisation and adaptation of promotional material can now be automated. These integrations significantly optimise team effort for advertisers, allowing them to focus on strategic and creative pursuits.





**“If I’d say, ‘create a unique animated video within 15 minutes,’ it would be extremely difficult for an agency or a production house to turn it around efficiently. Plus, we created approximately half a million of these animated videos (For Silk Valentines Campaign) over short campaign period, that’s the power & scale of GenAI from a consumer engagement standpoint.”**

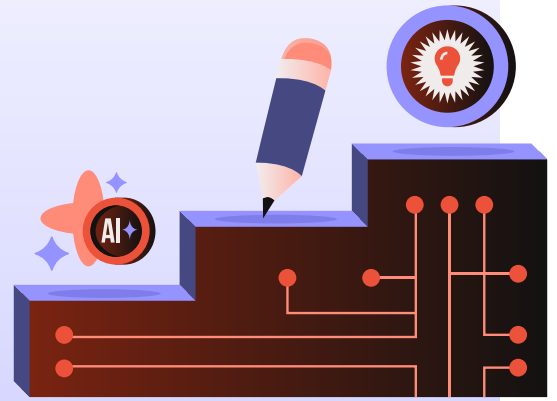
*says Vednarayan Sirdeshpande, Director - Consumer Digital, Mondelez India*



As AI integration deepens, the advertising industry is witnessing a shift towards dynamic, immersive brand interactions. From personalised multimedia campaigns to interactive experiences, AI is enabling advertisers to push the boundaries of creativity, delivering content that is not only targeted but also deeply engaging and impactful.

1B

# Augmenting Creativity



The advertising industry is on the cusp of a creative revolution, akin to the advent of the internet and mobile technology. By automating repetitive tasks, AI allows creative teams to focus on strategic ideation and storytelling.

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**✘ AI is not replacing human creativity but augmenting it.**

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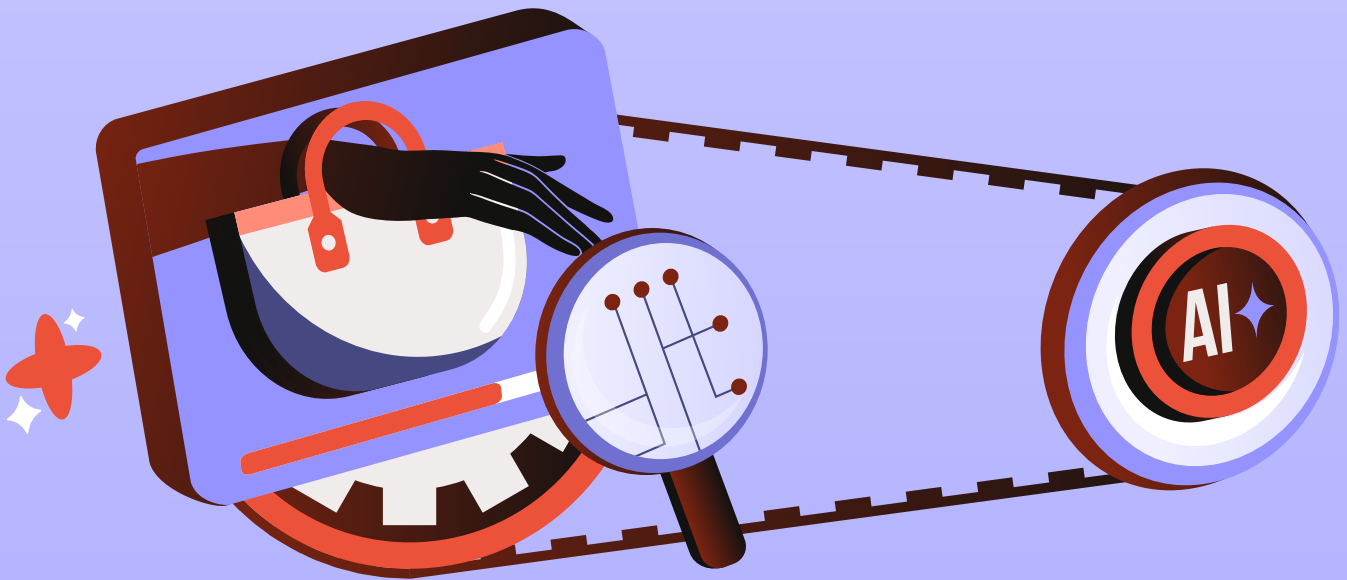
Generative AI can transform the advertising landscape by fostering divergent thinking and challenging existing biases, says a study published in the Harvard Business Review<sup>2</sup> on Gen AI. According to the study, it will also aid in evaluating ideas, refining concepts, and promoting collaborative innovation among employees and customers.

## Strategic Creativity

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AI is not just a tool but a catalyst for industry-wide innovation. AI automates repetitive tasks within operational, administrative, and creative workflows, enabling people to direct their efforts toward enhancing their creative outcomes.

<sup>2</sup> How Generative AI Can Augment Human Creativity - **Harvard Business Review**



**“Conducting a compliance check on the video can be automated using AI, a capability already available today. However, the full potential of future advancements in this area has yet to be realised.”**

*says Tridib Mukherjee, Chief Data Science & AI Officer at Games24x7*



Generative AI is playing a major role in advertising innovation.

- Large language models enable conversational analytics in media planning.
- Automated content generation spans writing, imagery, and video production.
- Real-time sentiment analysis allows brands to dynamically adapt messaging and targeting strategies.

## Value of Human Insight

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While AI enhances efficiency and supports creativity, its true potential is unlocked when combined with human ingenuity. By fostering collaboration between AI-driven insights and human intuition, advertisers can craft compelling narratives that not only resonate with audiences but also push the boundaries of innovation.



*“The creative process will be crucial in developing advertising. If you tell a machine to do something, it will do it. But the process of getting to that insight, to that understanding of the empathy, the sensitivity of the creative is the critical aspect where human intervention is required.”*

*adds Vednarayan Sirdeshpande, Director - Consumer Digital,  
Mondelez India*

While AI tools assist advertising teams in improving efficiency and productivity in routine tasks, they may enhance creative and strategic expertise within advertising to provide fresh perspectives and divergent-thinking capabilities.

1C

## Taking Measured Steps



While AI has empowered advertisers to expand the frontiers of ideation and production, it raises concerns around trust and safety. As AI integration advances in an ever-changing digital landscape, industry leaders emphasise the need for a responsible approach to harnessing its potential.



- ✦ **Building trust through transparency and ensuring responsible adoption will be crucial in shaping the future of AI in advertising.**



As promising tech advancements have been appearing frequently, businesses are taking measured steps towards integration.

- ✦ *"We've been a lot more cautious, and maybe it comes from seeing a lot of hype cycles with tech advancements, where it's not played out as much as we thought it would." adds Mohan Jayaraman, Partner at Bain & Company.*

### The Trust Factor

A study conducted by Salesforce<sup>3</sup> found that 66% of marketers believe human oversight is essential for successfully integrating generative AI into

<sup>3</sup> Generative AI for marketing research - **Salesforce**



advertising. This data reflects responses from 1,029 full-time marketers representing companies of various sizes and sectors in the United States, the UK, and Australia. Our research indicated that there is no such study for the Indian marketing industry, highlighting the need for comprehensive research for the Indian market. Notwithstanding, given the overall trends observed for the Indian advertising industry, our findings support a similar approach for the Indian ecosystem.

While AI offers significant efficiencies, ensuring transparency and accountability remains a priority for many industry leaders. Mohan Jayaraman (Partner, Bain & Company) notes that certain regions have been more cautious in adopting AI, shaped by past experiences where emerging technologies failed to deliver on expectations.

## Responsible Adoption Strategies

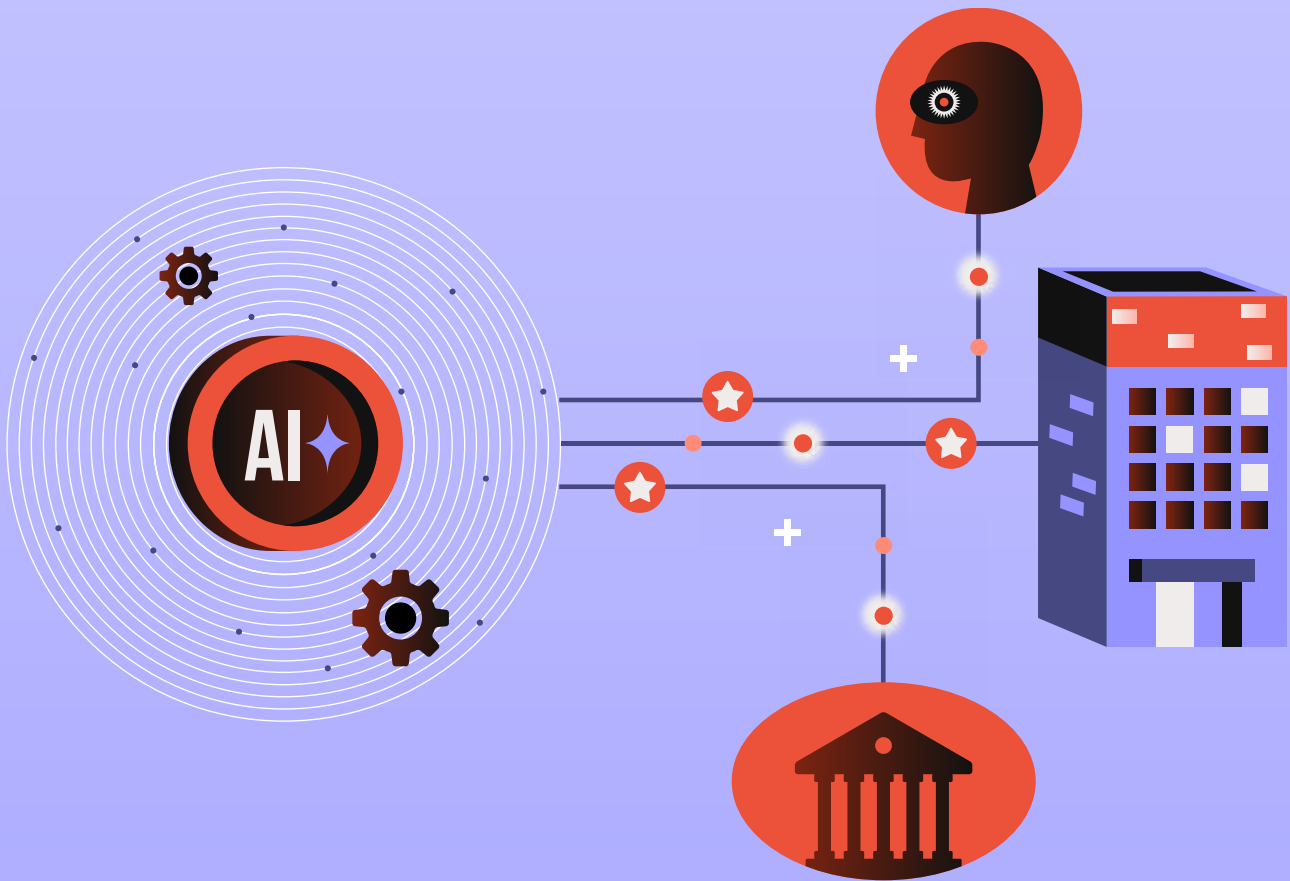
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Ensuring responsibility and accountability in AI-driven campaigns is an industry-wide challenge.



*“A lot of CXOs are not taking action. Not because regulation prevents them from doing it, but because it is unclear whether it lets them do it” notes Jayaraman.*

Successfully harnessing AI’s potential requires careful navigation of evolving tech advancements, along with agile guidelines around its responsible integration. The future of advertising lies in balancing AI’s capabilities with human intuition, strategic oversight, and responsibility. By doing so, advertisers can unlock new avenues for engagement and drive meaningful connections with consumers in an increasingly competitive marketplace.



**"It's crucial that we continue to develop and deploy AI responsibly, with a focus on making sure that people, businesses, and governments around the world can benefit from its extraordinary potential while at the same time mitigating against its potential risks."**

*Google*





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2

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# INDUSTRY ADOPTION AND READINESS



While tech-driven businesses are seamlessly embedding AI into their core operations, legacy sectors are finding creative ways to integrate AI through customer-centric applications. What was once a competitive advantage for a select few is now becoming a shared opportunity across industries, thanks to the rise of ecosystem-driven AI strategies.

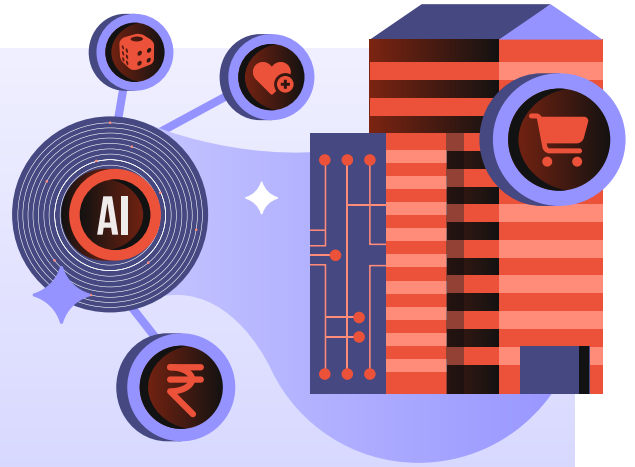
Rather than operating in silos, businesses are increasingly looking to build strategic partnerships, invest in data infrastructure, and establish governance frameworks to facilitate responsible AI adoption. As companies shift from merely leveraging data to building comprehensive AI strategies, the question arises:



**Will this new, collaborative approach finally close the technological maturity gap, or will it redefine competitive advantage in ways we have yet to fully grasp?**

2A

# Adoption Patterns



AI adoption is evolving at a varying pace across industries. While digital-native companies, such as those in e-commerce, have been the first to embed AI across their workflows, traditional industries have also started using AI to enhance functionality and user experience.

According to a Statista report on 'Adoption of AI in marketing strategies in India 2023,' a survey of marketers revealed that around 42% of the 107 respondent organisations are in the experimentation phase of adopting AI in their marketing strategies, while more than nine percent have successfully integrated AI fully into their marketing approach.

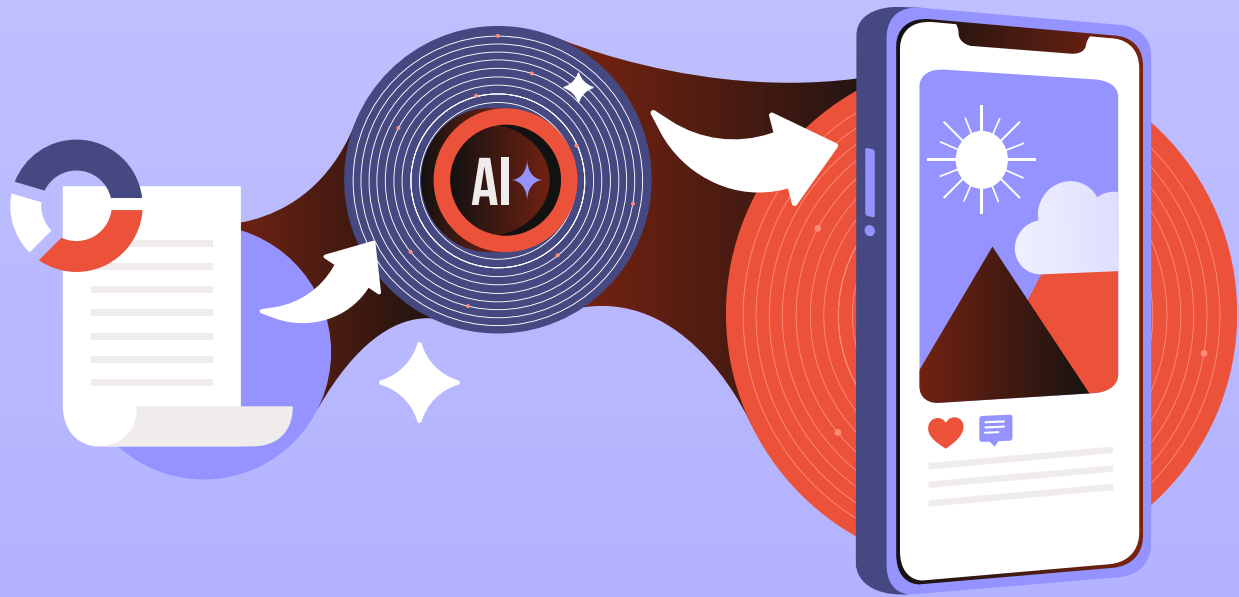
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**✱ Digital-native industries are demonstrating superior AI integration capabilities due to their established data infrastructure and experience with digital technologies.**

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## Digital-native v/s Traditional Industries

Companies with a strong digital foundation are at the forefront of AI implementation. Their ability to integrate generative AI stems from well-structured data systems that allow for seamless adoption.



**“Digital-native businesses can use AI well because they have organised data in a format that makes it much easier for generative AI algorithms to consume. For example, online platforms are using it for a lot of stuff – providing a summary analysis of user reviews, analysing user preferences to better curate services, using plain language instructions to help finalise transactions etc.”**

*Ashish Aggarwal, Vice President and Head of Public Policy, nasscom*



With organised user data at their disposal and a deep reliance on technology, digital-native companies are uniquely positioned to integrate AI into their advertising and marketing initiatives. They can leverage AI to personalise customer experiences, optimise ad targeting, and enhance performance in real-time and at scale.



*“Are you a product that naturally has AI as part of your core, like Samsung has with the Galaxy, or like Intel has their processing chip, or are you a brand or a platform where you can infuse AI to create stickiness, or you've got nothing intrinsic like chocolate...where you can use interesting storytelling to create stickiness and make the brand stand out for you.” - Roshni Das, Former VP, Global Marketing Innovation, Intel*

Traditional industries are now leveraging AI in innovative ways for advertising, particularly through creative storytelling and customer engagement. This adaptability demonstrates that AI integration isn't solely about technological advancement but also about adapting it to appropriate use cases that align with business objectives.

## Emerging Opportunities and Challenges

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The next decade is expected to see increased AI investment across all sectors, potentially narrowing the current implementation gap as industries develop more sophisticated approaches to AI integration and usage.

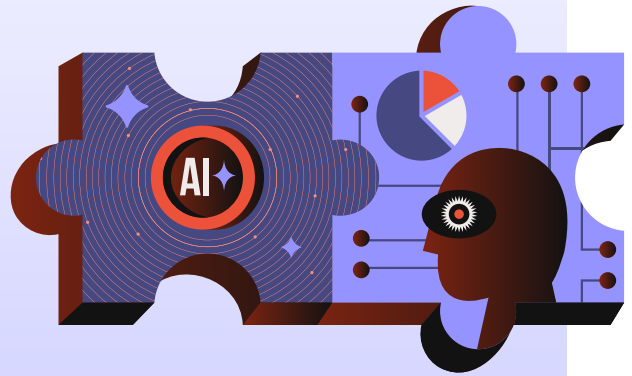
While AI offers transformative potential, responsible implementation remains critical. Organisations must prioritise infrastructure, compliance, and internal guidelines to harness AI effectively.



*“Companies that establish robust internal guardrails—especially at the input and process stages—will have the competitive advantage to handle challenges around integration, mitigating risks while maximising innovation. With AI adoption still at its nascent stage, proactive governance would ensure better preparedness.”*  
- Shubhika Saluja, Broadband India Forum (BIF)

2B

## Architecture for AI Integration



An organisation's ability to implement AI effectively also depends on its broader technological architecture and governance mechanisms. Companies that invest in robust infrastructure and responsible governance are seeing greater success in AI deployment.

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**✘ The successful adoption of AI technologies hinges critically on investment in data infrastructure and responsible adoption frameworks.**

|||||

AI adoption relies on an organisation's ability to process, manage, and secure its data effectively. Recent findings highlight the following challenges companies face in this area:

- Building scalable technical infrastructure that can support AI systems
- Implementing governance frameworks that ensure responsible AI use
- Maintaining system reliability while ensuring compliance
- Poor data quality leading to inaccurate outcomes and undermining trust in AI systems.



*"The quality of data being ingested determines AI's success. Poor data leads to flawed outcomes, reducing trust and usability."*

- Vednarayan Sirdeshpande, Director - Consumer Digital, Mondelez India



While 76% of global business leaders report difficulty integrating AI into their systems, 56% cite poor data quality as a major obstacle to successful AI implementation. (AI adoption statistics, 2024<sup>4</sup>)



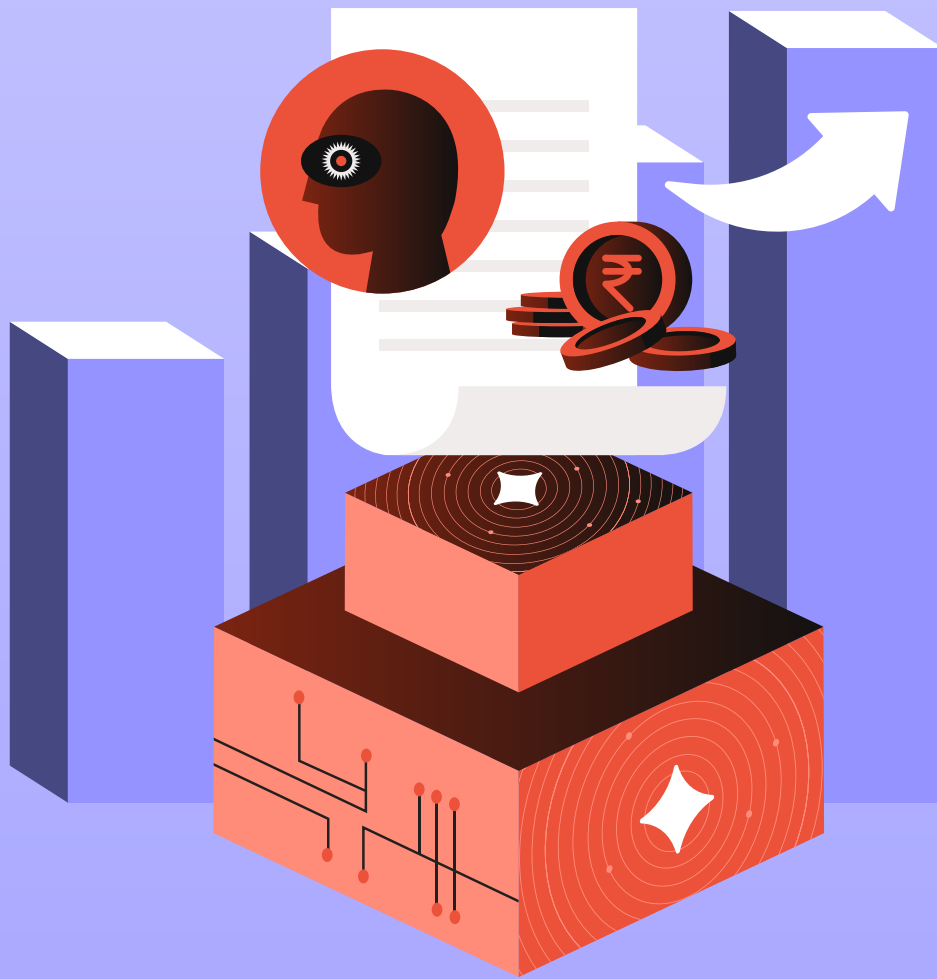
*“The adoption would depend on the quality and the health of the data that the models are learning from, and then analysing & reproducing the content to you, which is accurate. So, if your data is junk, the output is junk. So, garbage in, garbage out kind of a situation.”*

*- Vednarayan Sirdeshpande, Director - Consumer Digital, Mondelez India*

The primary opportunity lies in developing integrated approaches that combine robust infrastructure, effective governance, and quality data management.

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<sup>4</sup> AI adoption statistics by industries and countries: 2024 snapshot - **Vention**



**"Investing in your first-party data strategy can give you a solid AI foundation and drive quick wins, growth, and efficiency for your business."**

*Google*









## Resource Gaps and AI Adoption

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SMEs still face challenges when compared to the integration rates of digital-native businesses. Some challenges include limited access to structured data, high costs of cloud computing and AI model training, and a lack of in-house AI expertise. Larger organisations benefit from well-structured information systems and dedicated technical teams, whereas SMEs often struggle with resource constraints and knowledge gaps.

 *“Larger organisations have structured information and the talent to drive AI adoption. SMEs struggle with both, making it harder to compete.”*  
- Mohan Jayaraman, Partner, Bain & Company

 *“Investing in AI requires both time and financial resources. Cloud computing costs can be high, making it essential to assess return on investment carefully.”* - Tridib Mukherjee, Chief Data Science & AI Officer, Games 24x7

While generative AI has the potential to level the playing field, widespread adoption requires strategic partnerships, cost-effective solutions, and supportive policies.

Collaborative frameworks that allow businesses to share AI expertise and infrastructure could be the key to making AI integration more equitable across industries.



3

# CONSUMER-CENTRICITY

India's consumer landscape offers a compelling case study on how digital innovation can reshape market dynamics. With initiatives like the Unified Payments Interface (UPI) revolutionising financial transactions, Indian consumers have rapidly adapted to digital-first solutions.

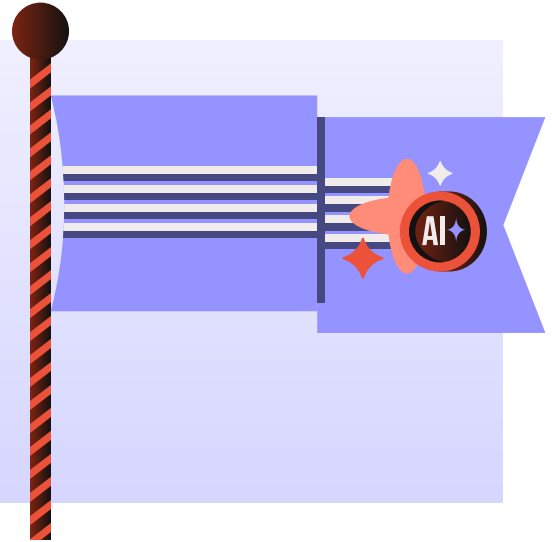
This digital leapfrogging has led to a remarkable openness toward AI-powered technologies, particularly in advertising. Consumers in India are not just willing but also open to adopting AI-driven experiences, provided they deliver clear value. This enthusiasm demands an inherent responsibility for brands.



**India stands at the crossroads of digital optimism and growing consumer awareness. Can its approach to responsible AI adoption serve as a global blueprint for emerging markets?**

3A

## Digital Frontrunners



India's digital landscape is unlike any other. Consumers here exhibit a distinctive openness to technology, particularly AI-driven advertising.<sup>5</sup>

✘ Unlike many global markets, Indian consumers show greater acceptance and trust towards AI-powered solutions.

This receptiveness places India in a unique position—potentially serving as a testbed for advanced AI advertising strategies that could later be adapted for global markets.

### A Thriving Ecosystem of Digital Innovation

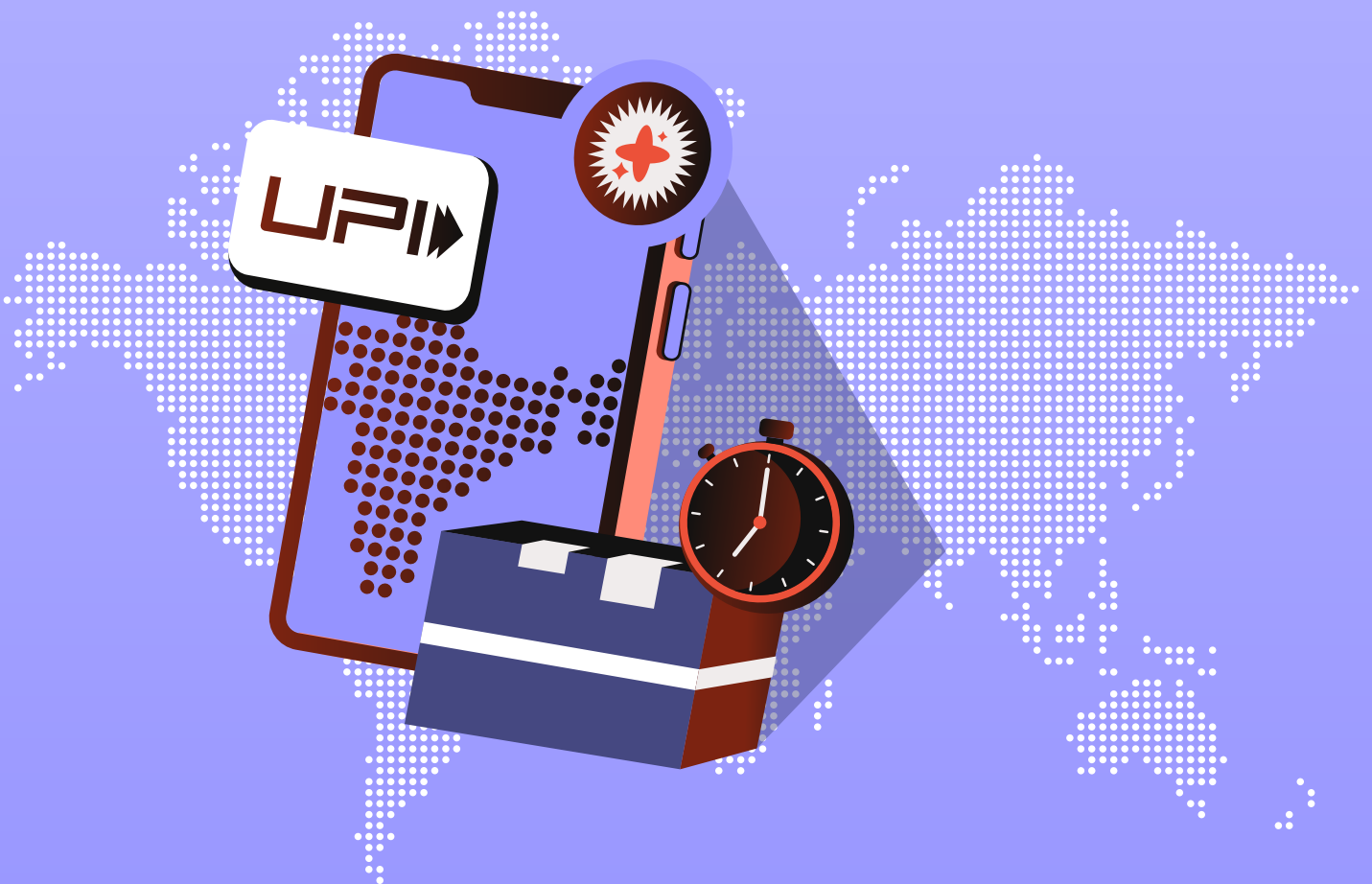
According to a 2023 report<sup>6</sup>, Indian consumers have consistently demonstrated higher trust in AI, compared to global averages. Nearly half (48%) of Indian consumers trust AI-driven promotional content and deals, a stark contrast to just 23% globally. Additionally, 82% of Indian consumers are open to AI-generated purchasing recommendations, far exceeding the global average of 58%. These statistics highlight Indian users' excitement with AI-powered marketing and its potential as a leader in digital advertising innovation.

<sup>5</sup> *Customer Insights & Analytics Consulting - BCG*

<sup>6</sup> *How AI can transform consumer experience and business efficiency in India - EY*

“Indians are more open to using AI than their global counterparts, largely due to a strong value exchange. This openness stems from experiences with technologies like UPI and quick commerce, where data exchange is extensive. With widespread mobile adoption, India has effectively leapfrogged into a digital-first ecosystem.”

*Roshni Das, Former VP, Global Marketing Innovation, Intel*



Such heightened trust in AI is no coincidence. Experience with useful technological services (for example, UPI) has created a virtuous cycle of digital confidence. The high adoption, reinforced through seamless integration of these services into daily life, demonstrates a high demand from consumers for convenience, efficiency, and personalisation—attributes that AI is well-positioned to deliver across all sectors, including digital advertising.

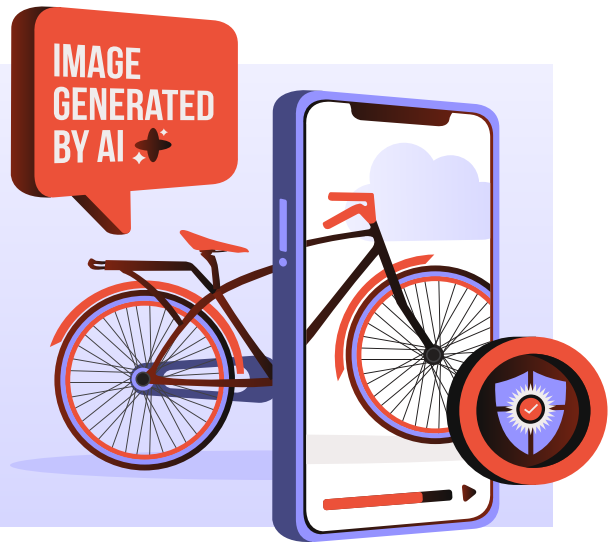
## Opportunities Demand Responsibility

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India's consumer landscape stands as a powerful example of how digital innovation, when combined with clear value delivery, fosters enthusiastic AI adoption. The country's leapfrogging into a mobile-first ecosystem provides critical lessons for brands worldwide; trust and transparency are the keys to sustaining AI's role in advertising.

3B

# Trust Through Transparency



The rise of AI in advertising has sparked an ongoing debate around consumer trust and transparency. While AI offers unmatched personalisation and efficiency, brands must ensure that AI-driven marketing maintains brand trust.



**✦ Transparency is paramount for building consumer trust.**



## Appropriate Disclosures

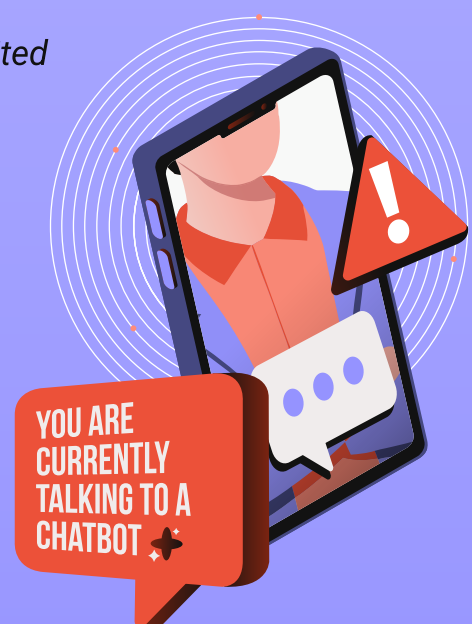
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Without clear disclosures, consumers may struggle to distinguish between authentic content and AI-generated material, leading to scepticism. While transparency is crucial, brands must also ensure their disclosures are meaningful and don't induce labelling fatigue. Context-specific disclosures will be key in maintaining consumer trust without overwhelming audiences with unnecessary information.



“Disclosure labels in Generative AI content ensure transparency, but not all Gen AI content justifies a mandatory disclosure label. The disclosures therefore would be contextual. For example, a Gen AI chatbot, which could be mistook for a real human by a consumer, or the use of Gen AI related to the performance of the product in question may require disclosure, but if it is used to create background in a static ad or for reasonable post-production processing, it may not be necessary. An important aspect to consider for Gen AI content in advertising is if it can mislead consumers to make an ill-informed decision or purchase.”

*Bibhav Pradhan, Legal Lead, Hindustan Unilever Limited*



3C

## Educating the Consumer



Consumer education is no longer an optional initiative—it is a strategic necessity and a competitive advantage. Clear communication builds trust, strengthens relationships, and gives brands a competitive edge.

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**✦ As AI becomes an integral part of advertising, brands must take an active role in educating consumers about its capabilities and limitations.**

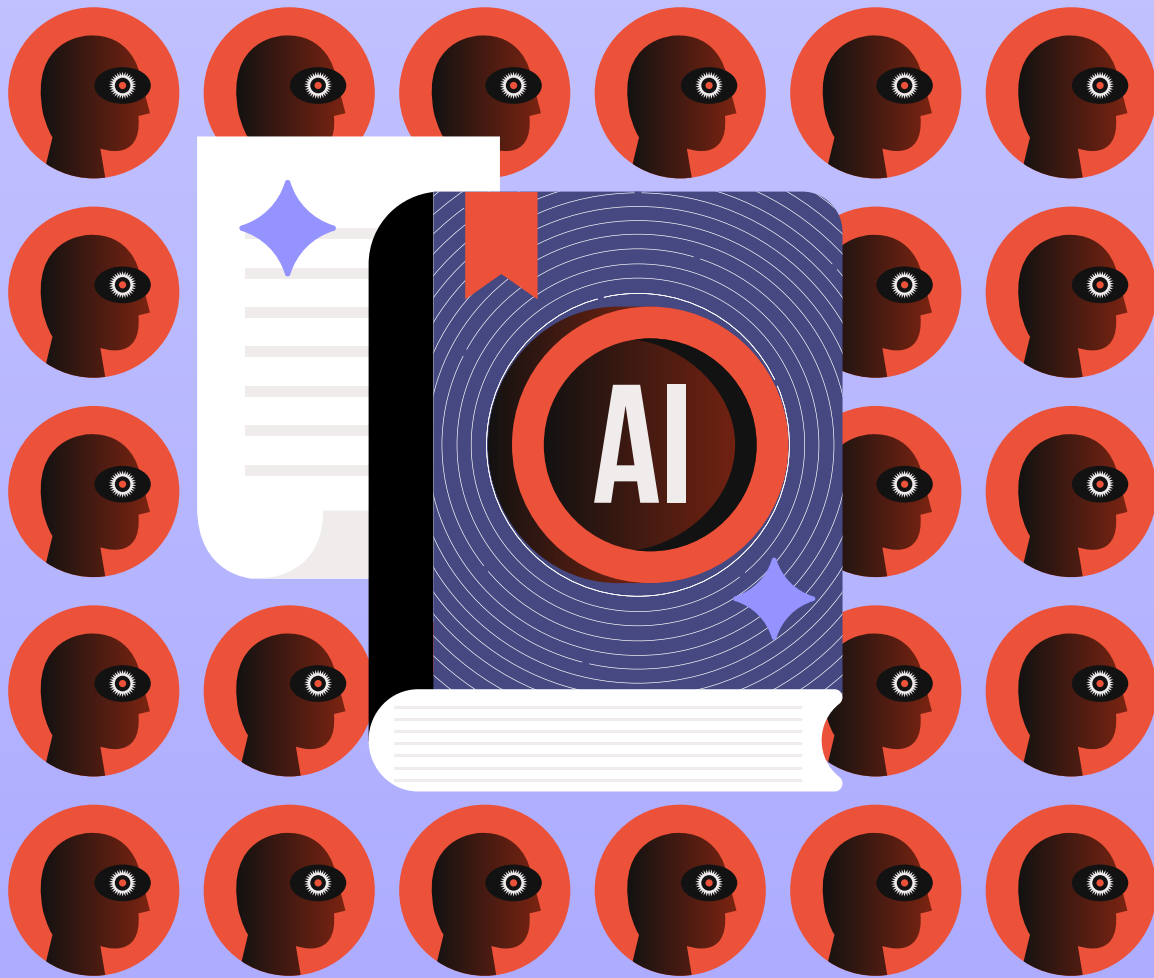
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This includes clarifying how AI enhances marketing efforts, where its boundaries lie, and what consumers can expect from AI-driven interactions.

### AI Literacy

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Many consumers engage with AI daily without fully understanding how it works. This presents an opportunity for brands to build deeper consumer relationships through education and transparency.



**“Given the large population, we need to do extensive work to raise awareness among Indian consumers about the benefits, safe practices, and potential misconceptions of AI. With a population of 1.5 billion, this is a significant challenge.”**

*Ankit Bose, Head, nasscom ai*

AI literacy is not just important for users but also for advertisers. According to a 2024 study by Primus Partners<sup>7</sup>, 66% of marketers say AI is either very important or critically important to their marketing success, and 67% say a lack of education and training is a top barrier to AI adoption. While this study is US-focused, our assessment shows that similar trends exist for Indian marketers as well. For example, according to a report on the impact of online ads on micro, small, and medium enterprises (MSME), AI-driven campaigns were cited by 74% of MSME businesses as key to precision targeting and cost efficiency.

## An Effective Engagement Strategy

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Brands that actively educate their customers about AI can foster deeper engagement and loyalty. However, effective education requires more than passive messaging—it demands active participation.



*“Literacy initiatives are crucial, not just in name but through active participation with organisations to conduct on-the-ground drives focused on privacy and safety standards for both young and old.”*

*- Bharat Gupta, CEO, Jagran New Media*

By taking the lead in AI literacy, brands can position themselves as trusted advisors rather than just service providers. In doing so, they not only build trust but also empower consumers to confidently and responsibly engage with AI.

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<sup>7</sup> Leveraging Online Ads for India—Unpacking the Impact of Online Ads on MSMEs and Startups  
- *Broadband India Forum (BIF) & Primus Partners Report*



4

# A RESPONSIBLE AI FRAMEWORK



As brands race to leverage AI's capabilities, Responsible AI frameworks and principles are vital for the digital ecosystem, particularly in a diverse and rapidly evolving landscape like India. Industry leaders are taking the initiative through industry codes and comprehensive internal policies, create a practical blueprint for responsible AI adoption.

Principles that should guide the development and deployment of AI across all sectors, including advertising, include:

### **SOCIAL BENEFIT**

AI-driven advertising should aim to be socially beneficial. In India, this means ensuring that advertising content does not promote harmful stereotypes, misinformation, or products that could negatively impact public health or social well-being. AI should be used to create ads that are relevant and useful to users, rather than be manipulative or deceptive.

### **BIAS AVOIDANCE**

AI algorithms used for digital advertising should avoid creating, or reinforcing, unfair biases. This is especially critical in India, given its diverse social fabric. Ads should not enable discrimination based on sensitive characteristics such as race, ethnicity, gender, nationality, income, sexual orientation, ability, or political or religious belief.

### **SAFETY AND SECURITY**

AI systems must be built and tested for safety. This includes ensuring that AI-driven ad placements do not lead to the spread of harmful content or malicious links. There is a need for robust safety measures to protect users from fraud, phishing, and other online harmful outcomes associated with advertising.

## ACCOUNTABILITY

AI advertising systems should be accountable to people. This means providing users with opportunities to give feedback, understand why they are seeing certain ads, and report any issues.

## PRIVACY BY DESIGN

Privacy principles should be incorporated in the development of AI advertising. This includes providing notice and consent for the use of data, using privacy-enhancing technologies (PETs), and giving users control over their data. This is especially important given the volume of personal data collected for ad targeting.

## DYNAMIC APPROACH

Standards should be reviewed and updated on a regular basis to keep pace with technological advances. This will allow India's digital ecosystem to adapt to new challenges while maintaining high standards in the application of AI in advertising.



**By adhering to these principles, the digital advertising industry in India can ensure it contributes to a positive digital ecosystem while minimising negative impacts.**



4A

## The Need for Agility AND Responsibility



- |||||
- ✘ The current landscape is characterised by a need for industry players to leverage AI effectively, and an acknowledgement that there is a need for a framework to ensure responsibility and accountability.
- |||||

While we see an overall acknowledgement of responsibility, there is no clear consensus on whether this can be achieved through prescriptive regulations. While some industry leaders that we interviewed, observed a need to have a regulatory framework, some cautioned against the imminent risk of overregulation. Notably, call-outs for regulations were focused on ensuring that any obligation to act responsibly is equally applied to all players.

**“Technology is a great enabler in many ways. Brands may benefit from higher efficiencies due to AI. Though the use of technology must be moderated for the larger good of all**



those involved in the brand and advertising ecosystem. There has to be a moral compass around technology so that no one gets inadvertently harmed in any way."

*Abhishek Bhasin, Director, Marketing, MakeMyTrip*



*"India should have a risk-based approach towards AI regulation. Certain high-risk sectors or use cases may require more stringent assurances, such as finance, health, etc. Another aspect to consider for risk is whether these are external or consumer-facing or for internal business decisions. India should look at a national regulation based on wider stakeholder consultation with developers, deployers, and civil society. As the government has publicly stated for other digital regulations, we hope that the government looks at a practical regulatory landscape, which is necessary in the context of a developing market like India. It should not lead to unnecessary onerous obligations, compliances, or stifle innovation in this area."*

*- Bibhav Pradhan, Legal Lead, Hindustan Unilever Limited*



Experts point out that while there may be merits to consider in a unified framework, existing regulations provide enough oversight.



*"I believe there's value in consolidating existing frameworks into a single, unified governing framework. However, the existing framework isn't entirely redundant. While there is no single legislation, the current regulatory and statutory frameworks, including data privacy laws, provide reasonable oversight to govern the use of AI. It's just spread across different statutes."*

*- Tanu Banerjee, Partner, Khaitan & Co*

Our interviews suggest that there is no unified position on what type or form of framework should be adopted.

Nevertheless, there is a strong recognition of the need for a framework. The imperative is to ensure that there is a correct balance between responsibility and innovation.

For this, it is important to consider a risk-based approach that ensures adequate guardrails to address harms but takes a light-touch approach to enable effective use of AI.

4B

## Leveraging Industry Code and Industry Practice



The industry is also actively working to create a responsible governance framework. Industry-led codes of practice, such as the Advertising Standards Council of India (ASCI) code of conduct and proactive internal policies, are seen by experts as the best approach to governance.

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- ✘ **Setting standards through industry-led codes and internal policies is seen as the best approach to navigate the complexities of AI implementation and build trust with stakeholders**
- |||||

**“Having clear organisational policies in this area is a starting point. Our recommendation is not to dive in without a basic understanding of how**

**you want to approach regulations related to copyright and consumer issues. Setting some internal standards is essential.”**

*Mohan Jayaraman, Partner, Bain & Company*



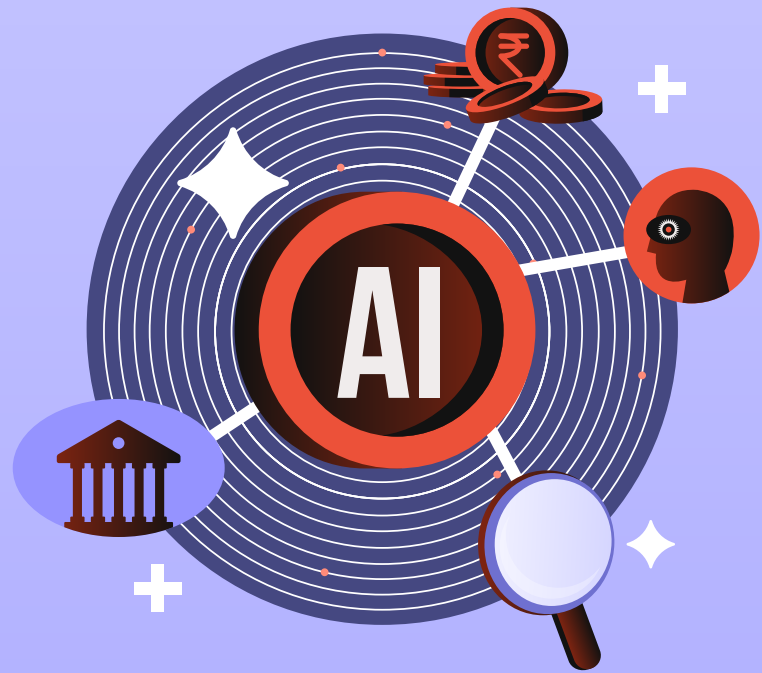
Companies like Publicis Groupe are using guidelines created with industry bodies, showing that self-regulation can address concerns without limiting innovation. ASCI's voluntary code has gained widespread acceptance, becoming a common standard for advertisers.

Strategic opportunities exist in developing proactive internal policies before regulatory mandates emerge. Organisations that create clear AI governance frameworks are now gaining a competitive edge and showcasing leadership in responsible AI adoption.



*“Our technology teams are trained in the safe use of AI, and our legal teams have developed guidelines on how we work with AI. These guidelines are shaped through collaboration with industry bodies like C2PA and others. Governments will create their own regulations, and we will of course abide by those laws. But our belief is that self-regulation may be the best approach. By self-regulating, we reduce the need for external regulation.” - Amaresh Godbole, CEO, Digital Technology Business, Publicis Groupe*

Industry-led AI governance, through codes and internal policies, enables both innovation and trust-building with consumers and stakeholders, creating a foundation for future growth.



**"Responsible AI work has no finish line. It's important to govern, map, measure, and manage AI risk throughout the AI development lifecycle. Building AI responsibly requires collaboration across many groups, including researchers, industry experts, governments, and users. That means continuing to invest in research, collaborating with external experts and institutions, and engaging with the wider community to inform how AI is developed and used in a way that benefits society and upholds our core values."**

*Google*

# TAKEAWAYS

The perspectives of diverse industry leaders have enabled us to seek an ear-to-the-ground look at what is happening with advertising and AI.

Through the perspectives, a few key takeouts emerge:

## 01

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The buzz around AI is real, with many organisations giving serious consideration to evaluating and integrating AI into their advertising and marketing practices. While the level of assimilation may depend on the sector and data maturity of the organisation, the fact is that everyone has taken a few steps on this journey. There is an acceptance that AI will be a layer to almost all key advertising-related processes and outputs. Organisations are gearing up and are keen to learn best practices.

## 02

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Almost unanimously, there is a recognition for industry-wide frameworks that can provide guidance on the responsible use of AI. Such frameworks need to be agile and provide the key principles and guardrails within which organisations can experiment to determine use cases that add the greatest value to them and their consumers. Consumer trust in AI is seen as very crucial to its sustainable use, and this is an area that needs to be studied more and monitored closely.

## 03

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Organisations are discovering that proper governance frameworks are needed to guarantee successful AI outcomes. This realisation is shifting focus from purely data-centric approaches to more holistic infrastructure and governance strategies. Ahead of the curve, companies are increasingly investing in comprehensive frameworks.

## 04

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Cloud-based generative AI and pre-trained models make AI more accessible, breaking down barriers that once kept SMEs from using advanced technology. The shift from requiring extensive in-house AI infrastructure to utilising ready-to-use AI solutions could enable SMEs to compete more effectively with larger organisations, despite their resource limitations.

## 05

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The openness of Indian consumers to digital experimentation positions India as a potential testbed for advanced AI advertising solutions, offering valuable insights for global markets. A higher trust level among Indian consumers isn't coincidental but stems from India's successful digital transformation journey. Widespread adoption of solutions such as UPI (Unified Payments Interface) and quick commerce platforms that have created a very strong value for consumers has built a foundation of digital openness.

## 06

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Organisations believe that AI literacy will be a source of key competitive advantage for them. In addition, building consumer capacity in AI is also vital. By investing in AI literacy initiatives, brands can not only fulfil their responsibility to consumers but also create more informed, engaged, and trusting relationships with their audience. Nuanced and risk-based labelling approaches can contribute to greater consumer awareness and education and help them make informed choices.

## 07

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Adhering to responsible AI frameworks can help promote a sustainable approach to AI deployment and use. Key principles of such a framework would include consumer and brand safety, bias-avoidance, risk-based labelling, accountability, privacy by design, and legal compliances, as applicable.

## 08

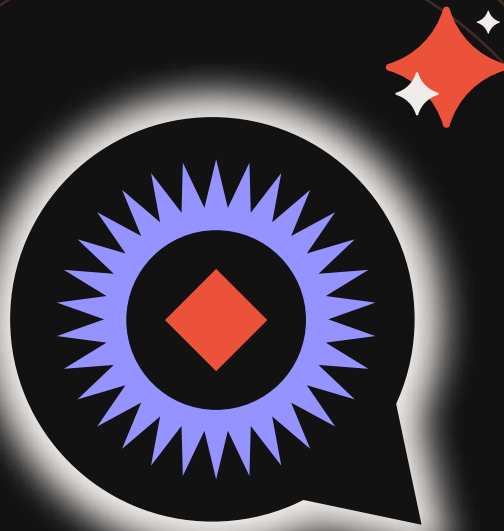
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As AI technology and applications evolve rapidly, responsible AI frameworks, industry guidelines and codes, and existing laws can provide the required guidance to operate. This is a pragmatic approach that can help achieve responsible innovation.

These converging themes underscore both the immense potential of the 'AI Edition' of advertising and the critical steps needed to unlock its value for all stakeholders. The future is undeniably AI-driven, and organisations must adapt and build capacity to thrive in this evolving landscape.

It is also clear that all key stakeholders must come together in continuing dialogue and invest in research to keep pace with the impact AI is creating. We need to immerse deeply and continually in understanding emerging technologies and use cases in advertising and how consumer perceptions and usage change over time. Refining and fine-tuning industry-wide frameworks for the responsible use of AI can shape a future where technology serves both businesses and consumers equitably.





# THOUGHT LEADERS **SPEAK**

Redefining Advertising with AI

# Global Perspective on AI and Advertising – ICAS and Responsible Use of AI in Ads

by Guy Parker

President, *International Council for Advertising Self-regulation (ICAS)*  
& Chief Executive, *The Advertising Standards Authority (UK)*

The use of generative AI in advertising is not coming; it's here.

As the World Federation of Advertising's research into its members shows, it's being used for content ideation, content creation, personalisation and customer experience. And those doing the using are the world's biggest companies, responsible for \$100 billion plus of annual marketing spend. Add to this, the global agency holding companies' recent announcements of investments in AI to the tune of multiple \$100 millions.

The prize for fast-moving and smart businesses is obvious. Improved productivity, reduced costs, enhanced creativity, and higher effectiveness. In short, growth.

But like any new technology, we need to look at the risks. And I'm not just talking about businesses worried about partner-use, privacy, and IP. Or the danger to creative agencies who sell their services on time. Or the threat to media planners and buyers who face being replaced by algorithms.

I want to talk about how we ensure Gen AI doesn't harm consumers, by which I mean people. And how we avoid it undermining a key foundation of marketing: those people's trust in ads.



How do I know if Gen AI is responsible for the targeting or content of an ad I see or hear? How do I know whether a particularly salient claim—textual, visual, or spoken—has been reviewed by a human to make sure it’s legal, decent, honest, and truthful—or is the sole product of an algorithm optimised for effectiveness?

The second question is easier to mitigate than the first, at least in principle. Advertisers are primarily responsible for their ads, regardless of the tools they or their partners use. This applies even if ads are entirely generated or distributed using automated methods. “It was the AI who did it” is not a valid excuse. So, the message to advertisers and their partners is clear:

**Put in place appropriate processes, such as human review and monitoring, to ensure ad targeting and content complies with ad standards bodies’ codes.**

The first question is trickier. The temptation, of course, is for businesses to reach into the transparency toolbox and pull out an ‘AI made this’ label. But is that always right?

Let me pose a question: Is labelling AI-generated content in ads essential to prevent audiences from being misled? And let me invite you to consider a TV ad currently running in the UK.

It’s for a broadband service—Virgin Media—and the 60-second spot shows a photorealistic walrus clamber onto an empty speedboat bobbing next to a jetty—cue baffled looks from fishermen—before speeding off into the distance to the mellow sound of Billy Ocean’s ‘Suddenly’. The end line is “Yeah, that’s smooth!”



[View ad here](#)

It's a good ad. Beautifully shot, clever choice of soundtrack, conveys well the message of a smooth broadband experience, perfectly realistic. And as it happens, Virgin's creative agency didn't use Gen AI in the final ad (though they did try to sell the concept to the client); they used CGI. But imagine they had used Gen AI for the final ad. Would the absence of an 'AI made this' label have caused viewers to be misled?

The answer, of course, is no. We, the viewers, know that's not a real walrus driving the speedboat. We wouldn't have needed to be told it had been made by Gen AI. There's nothing new in this. We don't always need to be told when CGI has been used in ads. Or when Photoshop has been used. Or when actors, not real people, feature. The right answer to the 'Do I need to label?' question is 'It depends'. Why should Gen AI be different?

This is important because we don't want generic labels popping up on ads everywhere, do we? Most of them wouldn't serve any useful purpose. We'd quickly get irritated by them or just screen them out. Maybe we'd even become a bit distrustful of ads: what is all this mysterious use of AI?

Now I'm not saying 'AI made this' labels will never be needed. I'm saying they're not essential in all cases. The question for practitioners to ask is:



**Will any harm arise from viewers *not* knowing—or *not* being told—that imagery in an ad has been created or significantly altered by Gen AI?**

And crucially, the next question to ask is:

**Will an ‘AI made this’ label mitigate that harm well enough, or do I need to change the content?**

After all, a label won’t be enough to qualify a fundamentally misleading message in an ad.

Help is at hand. ICAS is the global platform for ad self-regulation. We care about responsible advertising. Our members comprise industry bodies like the WFA as well as most of the world’s ad standards bodies, ASCI included.

In September last year we launched the ICAS Global Think Tank, and our first project is looking into the responsible use of AI in ads. To help answer the ‘it depends’ question, we’ll be exploring what studies say about labels and their effectiveness. We’ll be unpacking when and why an ‘AI made this’ label might be needed and when it likely won’t. We’re planning to publish our Think Piece in mid-2025.

To stay abreast of our work, subscribe to ICAS News [here](#)

# Early Lessons from use of Gen AI in Advertising and how it is Shaping Creative Opportunities

by Nitin Saini

*VP Marketing*

*Mondelez India*

At Mondelez, we believe we are leading the way in leveraging AI and Gen-AI to revolutionise creativity within our campaigns, crafting deeply hyper-personalised experiences for our consumers. Campaigns such as Cadbury Celebrations—Not Just a Cadbury Ad, My Birthday Song, and The Silk ‘The Story of Us’ exemplify the thoughtful integration of AI in marketing. The journey to bring these campaigns to life has been truly magical. With every campaign, we have witnessed an increasing level of sophistication, capability, and potential downsides of Gen AI/AI.

We have been on this journey for the past couple of years now, and here are some key lessons we’ve been able to witness around Gen-AI/AI.

## Human Creativity and the Role of AI

In the AI-driven era, the imperative is to strike the right balance between technological innovation and human creativity. While AI and Gen-AI are unparalleled in processing data and identifying patterns, they cannot yet grasp the nuanced emotions, cultural contexts, and deep human insights that make marketing efforts resonate with today’s audience. Thus, the key lies in leveraging AI’s analytical precision while ensuring that the heart of marketing—creativity and empathy—remains at the forefront.



The process always begins with the human insight that we get by working with our creative partners. Strong insights drive us towards impactful ideas to invest in. AI and technology become a great wrapper for us to elevate the consumer experience and drive deeper personalisation. The essence lies in using technology to amplify ideas and not letting it overshadow the meaningful human truths that inspire them.

Here are a few examples of the power of insights & AI coming together for our campaigns:

With Cadbury Celebrations #MyBirthdaySong, we encouraged consumers to move on from the ever-so-common 'Happy Birthday' song and created a hyper-personalised birthday song to win over their loved ones. We leveraged the power of AI to create the first-of-its-kind Cadbury experience platform—[www.CadburyMyBirthdaySong.com](http://www.CadburyMyBirthdaySong.com)—that harnesses the power of Gen AI tools to create hyper personalised birthday songs in real time. Users just had to enter a few details about the person for whom they want to wish to create the perfect personalised birthday song using four Gen AI tools.

Love is about small and meaningful gestures our partners do for us. And these gestures make each love story unique and special. With Cadbury Silk #TheStoryOfUs, we enabled consumers to create a personalised love story for each couple, powered by AI, and crafted by Bollywood's biggest director of young love—Zoya Akhtar. We created a platform for each couple to enter their details and love memories, and using our proprietary Gen AI tool, we empowered them to recreate their own love story in the form of a beautiful AI-powered short movie.

Bournvita #DForDreams was launched to spotlight vitamin D deficiency in kids. Simply by stepping out in the sun, every child could get personalised training from the cricketing legend, Rahul Dravid, and AI. We created a custom AI training ecosystem by analysing the exact technique of Rahul Dravid using advanced Computer Vision Technology. With this data, our AI system analysed the child's video and provided inputs to them and their parents, which helped them to perfect their technique for various shots.



## ✦ Responsible Use of AI

Gen AI is only as good as the data and models it works with. We made sure that each campaign that used Gen AI was not creating a risk of harmful or unlawful discrimination or bias. Adjustments to the data or model and impact assessments and bias audits were done extensively to ensure we leveraged AI responsibly and that consumers using it had an authentic experience. Partnership with our legal team was critical to ensure all guardrails were followed to confirm that the usage of AI complies with data privacy laws, laws protecting the IP rights of third parties, and any other applicable laws.

## ✦ Leveraging our Ecosystem

Our anchor agencies are equipped to work with the right partners to bring AI ideas to life. Their network really helped us in identifying and finding the right tech provider to translate a complex idea on paper to actual realisation. In this process, our internal brand team also get the opportunity to get their hands dirty on understanding Gen AI capabilities, legal framework of deployment/usage, etc.

## ✦ Harnessing the Power of AI with Big Data

AI excels at managing data-intensive tasks such as MIS, data analytics, and other analytical processes, while also enabling cost-effective automation of bottom-funnel creative work. AI is designed to complement core marketing roles by driving efficiencies that enhance their value. We have leveraged it in areas such as ad bidding, audience targeting, and creative optimisation, enabling us to execute campaigns with greater precision and effectiveness.



# Generative AI and Content Creation

by Amaresh Godbole

CEO, Digital Technology Business

Publicis Groupe

With the rapid advancements in GenAI over the last year and a half, it has become a nebulous term with multiple applications. To truly appreciate GenAI's immense potential in content creation, we need to unpack its myriad possibilities.

## ✦ LLMs-Readiness: Production-ready

Larger Language Models (LLMs) such as ChatGPT and Perplexity are compelling as co-pilots for all kinds of content creation. They can help to ideate and extend a big idea into multiple IMC and content formats or come up with CreativeXTech executions. They can write in predefined styles. For instance, if you have a brand idea in mind and you want to write an anthem in a particular style—say, the Shakespearian era or in the classic Urdu fashion—specify the style, and it will do a fab job of writing it. Want to write copy or a script in the style of your brand's best past work? Ditto. Have a particular style in mind that may not be part of its training data? Feed it some references, and voila!

Further, LLMs are now multimodal, which means that many outputs can be generated without complex prompts, simply by sharing images, PDFs, data tables, etc., as references.



Case study: For instance, with the Oreo campaign, we signed on the digital likeness of actor Farhan Akhtar to share witty responses to people's everyday quandaries. As the first step, we trained a GPT model to write like him and then integrated it into our platform via the OpenAI API to automatically write responses. This was then fed into a synthetic voice engine, which is what we'll explore next.

## **+ Synthetic Audio-Voice, Music-readiness: Production-ready**

Synthetic voice allows you to sign on the digital likeness of a celebrity or create your original voice as desired. Imagine that tomorrow you could have a platform that allows you to license the voices of famous narrators like David Attenborough and Morgan Freeman, and you could use them to voiceover your birthday video!

Synthetic music sites are already aplenty. You can define the genre that you want and, with conversational iterations, arrive at the kind of music you desire to score your content.

Case study: In the Oreo case study, the ChatGPT-generated text was converted into Farhan Akhtar's voice by GenAI and sent as voice notes to the user. We sent out 1.6 million personalised voice notes, which was impossible before the advent of GenAI.

## **+ Synthetic Video-Readiness: Production-ready with a Lag, not Production-ready for Real-time Video Yet**

This is the technology powering deepfake videos. While it has been used by bad actors, there are several positive applications as well. As the technology matures, there's immense potential for real-time personalisation at scale powered by data—e.g., imagine the celebrity brand ambassador in an ad, changing based on location generated by AI.

Case study: For Airtel, we recreated cricketer Kapil Dev's iconic World Cup innings in the 1983 World Cup that were never recorded due to a BBC strike.



## **+ AI Avatars Powered by Knowledge Models-Readiness: Production-ready with a Lag, not Production-ready for Real-time Video Yet**

Platforms such as HeyGen allow one to create a digital avatar of themselves, which is virtually indistinguishable from the real you. This can then be powered by a script, or even more powerfully, hooked up to a knowledge model like ChatGPT. If you train a custom agent on a specific task with this avatar, the possibilities are endless. For example, your celebrity ambassador can become your virtual customer service agent. Your head of talent could conduct all first-round interviews via their avatar. You could have a well-known vet diagnose small issues for pets in the middle of the night. We are limited only by imagination. Content creators are quickly embracing these technologies to create content faster, with less production overhead, and breaking the limitation of time bottlenecks.

## **+ Diffusion Models—Text to Image | Readiness: Spec-ready, Open Models aren't Brand-safe for Production; Closed Models are Showing Promise**

Platforms such as Midjourney and DALL-E are democratising creativity and can create life-like images with the right prompts. But they still don't have the controls to stick to the script and the necessary brand safety features. Closed private models such as Bria and Adobe's Firefly show more promise for brand-safe image generation in the short term.

## **+ Diffusion Models—Text-to-video, Conversational Editing-Readiness: Spec-ready, Experimental Production-ready**

AI video generation platform RunwayML has shown great promise in conversational video editing. Their text-to-video models are still limited and, at best, experimental for brands. Google Veo 2 and OpenAI's Sora are taking realistic video creation to the next level, but these are in beta. Watch this space over the next year.



Now, consider mapping all these possibilities against the marketing funnel, and you realise that there are solutions across the funnel. Content personalisation at scale in awareness and consideration campaigns. Intelligent interaction with avatars in purchase and customer service. Smart loyalty solutions by personalising rewards basis AI-based customer data analysis.

## Ethical Considerations and Human Oversight

While the potential for generative AI in content creation and marketing is vast, human oversight remains critical. AI models can sometimes produce inaccurate results or outputs that might not be aligned with brand values, human ethics, and privacy standards. Additionally, data security and brand safety are critical concerns, which is why Publicis Groupe is working with trusted partners, such as Microsoft to implement enterprise-level AI systems to scan all our client work and bodies, such as C2PA to define industry guidelines.

The role of generative AI in advertising and content creation will only continue to grow. In evolutionary terms, GenAI today is an amoeba, but evolving exponentially fast. What holds today may change tomorrow; the only way to keep up is to keep moving as fast as we can in adopting GenAI while balancing it with oversight, privacy data protection, and brand safety.

# AI and Inclusion: Mitigating Built-In Bias

by Elspeth l'Anson

ORIC

Head of the Unstereotype Alliance Secretariat

The use of AI is growing rapidly across the global advertising industry. *AdAge research from 2024* reveals that 91% of marketers already use AI in their jobs, and 86% are using AI-enabled tools in their roles to be employed across 90% of content production by 2025. While AI offers efficiencies and opportunities, including the potential to drive inclusion, it also risks perpetuating inequalities.

According to UN Women, biases that are built into AI data (or not) can perpetuate, widen, or reduce existing gender equality gaps. For example, an analysis of *133 AI Systems by the Berkeley Haas Center for Equity, Gender, and Leadership* found that, across industries, 44% showed gender bias and 25% exposed both gender and racial bias. Furthermore, according to a *2024 report from Randstad*, 71% of AI-skilled workers are men and 29% are women, a 42-percentage-point gender gap.

Without due consideration or protocols in place, particularly when adopting Gen AI in advertising content, these systems can sidestep principles established to develop inclusive content and perpetuate bias and stereotypes, which Unstereotype Alliance members have fought hard to eliminate. However, if approached with intent, the development and usage of GenAI can safeguard against regression and avoid regurgitating 'baked-in bias.'



The business case for creating inclusive content is clear. *The Unstereotype Alliance published a first-ever global study in 2024*, which empirically proves inclusive advertising—content that authentically and positively portrays a full range of people and is devoid of stereotypes—has a positive impact on business profit, sales, and brand value. The study, conducted with leading researchers from Saïd Business School at Oxford University, proves the positive impact of inclusive advertising on business outcomes—both short-term (+3.5% higher sales) and long-term (+16% higher sales). It also highlights several other areas of performance improvement, including financial performance, customer preference and loyalty, brand equity, and market competitiveness.

While the risk of perpetuating stereotypes through AI is a real threat, there is a great opportunity to dismantle biases, challenge harmful societal norms, and drive meaningful change toward greater inclusion and gender equality. There are clear ways to identify and mitigate harm by applying an inclusion lens.

## CHALLENGE 1

# Harmful Norms and Stereotypes in Portrayals

Since Gen AI models can be fed by historically biased content, Gen AI representations of people can resurface stereotypes, unhealthy beauty standards, monolithic gender expressions, and more. Further, groups and communities historically under-represented in media and advertising content can be similarly excluded when leveraging Gen AI tools.

## Strategy: Promoting the use of inclusive datasets

Inclusion should be prioritised in the conceptualisation and building of AI systems. For example, if gender equality is established as a goal, data inputs should be assessed for misrepresentation and stereotypes. A diverse data set



of varying human experiences and expressions should be selected. Diverse teams should be at the helm of tool development. There is a critical need to draw on diverse fields of expertise so that machine learning systems can serve us better and support the drive for a more equal and sustainable world.

## CHALLENGE 2

# Lack of Authenticity and Humanity in the Content

Advertising is most impactful when it makes a human connection and produces authentic, inclusive portrayals. Gen AI-created depictions of human beings often lack real human attributes, which erodes authentic representation in the work and consumer trust in the brand.

## Strategy: Integrating a diverse human lens

Unconscious bias in the dataset can be addressed through human intervention—by applying an inclusive human lens in the process. Involving a diverse workforce both in the build and to sense-check the work produced by Gen AI can significantly mitigate bias and perpetuation of harmful social norms. When GenAI representations of people are used in content, transparent disclosure of AI use is essential to build consumer trust.

## CHALLENGE 3

# Impact on Employment

Replacing talent and models with AI-generated human images inherently reduces the amount of job prospects available for talent. This is likely to be most prevalent for under-represented or underserved groups that may already be struggling to get work in the advertising and creative industries, which would look to achieve cost savings in hiring talent.



## Strategy: Safeguarding employment and representation

Adopting inclusion standards that prioritise real-life representation and limit AI-generated models to supplements, not replace people, will promote authentic and inclusive output. This calls for dedicated budgets for hiring diverse talent and implementing licensing fee structures for AI representations –so that traditionally marginalised talent can be leveraged with fair compensation.





# Empowering Small and Mid-Size Businesses to Leverage the AI opportunity

by Ankit Bose

Head

*nasscom ai*

Implementing AI technology in Indian small and midsize businesses can revolutionise the way they operate, making them more efficient, competitive, and sustainable. With the right strategies and practices, these businesses can overcome the challenges of AI adoption and harness its full potential. The article explains the potential of AI specifically in the advertising industry and also explains the benefits of AI for small and midsize businesses. The article goes on to elaborate the various challenges faced by the businesses and the interventions that can enable MSMEs to overcome these challenges.

## ✦ AI's Potential to Revolutionise Advertising

AI has significant potential for the marketing and advertising industry. McKinsey estimates that generative AI could increase the productivity of the marketing function to a value equalling 5-15% of total marketing spends. AI is expected to significantly impact the advertising industry in multiple ways, including:

- **Predictive analytics:** Gen AI's advanced algorithms can leverage patterns<sup>8</sup> in customer and market data to segment and target relevant

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<sup>8</sup> AI-powered marketing and sales reach new heights with generative AI - **McKinsey & Company**



audiences. With these capabilities, businesses can efficiently analyse and identify high-quality leads, leading to more effective and tailored lead-activation campaigns.

- Additionally, Gen AI can leverage predictive analytics and data-driven recommendations to optimise marketing strategies through A/B testing of various elements, such as page layouts, ad copy, and SEO strategies, to ensure maximum return on investment. Across the customer journey, Gen AI can automate lead-nurturing campaigns based on evolving customer patterns.
- **Personalised content:** With its ability to analyse customer behaviour, preferences, and demographics, Gen AI can generate personalised content and messaging. It can assist with hyper-personalised follow-up emails at scale and contextual chatbot support. It can also act as a 24/7 virtual assistant, offering tailored recommendations, reminders, and feedback, resulting in higher engagement and conversion rates.
- **Content creation:** AI is also transforming the content creation process.<sup>9</sup> AI-powered tools such as Grammarly and Quill assist copywriters by providing real-time grammar checks, suggesting enhancements in writing, and even generating short pieces of content. AI is also making headway into graphic design with tools such as DeepArt and Canva, which use machine learning to provide design suggestions and create artwork.

## ✦ Prominent Examples of Gen AI in Advertising

- McDonald's asked a chatbot to name the most iconic burger in the world and splashed the answer—the Big Mac—across videos and billboards, drawing AI-generated retorts<sup>10</sup> from fast food rivals.
- Coca-Cola recruited digital artists to generate 120,000 riffs on its brand imagery, including its curved bottle and swoopy logo, using an AI platform, built in part by OpenAI.

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<sup>9</sup> *How AI Is Revolutionizing Digital Advertising In 2024* - **Forbes**

<sup>10</sup> *Fast Food Brands Duel With ChatGPT-Generated Ads* - **Ad Week**



- An advertising campaign from Virgin Voyages allowed users to prompt the digital avatar of Jennifer Lopez to issue customised video invitations to a cruise, including the names of potential guests. To prevent Ms. Lopez from appearing to use inappropriate language, the avatar could say only names from a pre-approved list, otherwise defaulting to terms such as 'friend' and 'sailor.'
- The ad group WPP is working with the chip maker Nvidia on an AI platform that could, for example, allow car companies to easily incorporate footage of vehicles into scenes customised for local markets without having to laboriously film different commercials around the world.
- Consider the example of "McCann Japan,"<sup>11</sup> an advertising agency in Japan that developed an AI creative director named AI-CD β. The AI system was fed numerous award-winning commercials and was taught to identify and apply the common elements in successful advertisements. In a test case, the AI Creative Director developed a compelling ad for a client, demonstrating AI's potential as a valuable tool for driving creative strategy.

## ✦ Challenges Faced by SMEs in AI adoption

As per a nasscom report<sup>12</sup>, MSMEs believe strongly in the potential of AI, with 87% confident that AI can improve overall productivity and 94% acknowledging AI's ability to drive business growth. However, several hurdles hinder their ability to leverage AI to its full potential. 65% of MSMEs are unaware of the right tools and resources to leverage, 91% don't feel technology is widely accessible and affordable for all, and 59% cite budget constraints. Major challenges being faced by MSMEs are:

- **Lack of technical expertise and regulatory uncertainty:** SMEs often struggle with limited technical expertise, which hinders their ability to understand, develop, and maintain AI systems. The evolving and

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<sup>11</sup> A Japanese ad agency invented an AI creative director – and ad execs preferred its ad to a human's - **Business Insider**

<sup>12</sup> Empowering India's Growth - Unlock AI's Potential for Tech-Enabled MSMEs - **nasscom**



complex legal landscape related to AI also imposes considerable regulatory burdens on SMEs.<sup>13</sup>

- **High cost of implementation:** A comprehensive AI system requires robust hardware and software capabilities, and the capital required to build such infrastructure may be beyond the reach of SMEs. Expenses related to training, maintenance, and compliance can also burden SMEs, who often face uncertainty regarding the return on investment (ROI) in AI technologies. This makes financial planning more complex for them.<sup>14</sup>
- **Data security and privacy:** Small businesses may face hurdles related to data privacy, cybersecurity, and workforce readiness. For example, they may lack the infrastructure and expertise to securely handle large volumes of data, opening them to risks of data breaches and regulatory non-compliance.
- **Resource constraints:** Integrating AI solutions into established business frameworks poses compatibility issues and technical complexities, particularly for MSMEs operating with legacy IT infrastructure. It requires significant time and resource investment to effectively address and resolve these obstacles. Research from McKinsey & Company indicates that even as AI adoption is increasing across industries, smaller organisations lag behind their larger counterparts due to resource constraints.

## Strategies to Accelerating AI adoption in SMEs

- **Define specific use cases:** MSMEs should start by identifying specific use cases of AI that can help their business and then research the right tools for the job. They should select AI solutions that are scalable, user-friendly, and compatible with existing systems.<sup>15</sup>

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<sup>13 & 14</sup> *Challenges SMEs face in implementing Artificial Intelligence* - **ResearchGate**

<sup>15</sup> *AI For Small Business (Tools and Best Practices)* - **Salesforce**



- **Measure the return on investment:** Investing in AI technology can be expensive. Therefore, SMEs need to measure the return on investment (ROI).<sup>16</sup> AI can help increase revenue through improved customer service, reduced operating costs, and better decision-making.
- **Running pilot programmes:** Pilot programmes allow MSMEs to test AI applications in a controlled environment, gathering valuable insights before committing to full-scale implementation. This phased approach reduces risk and ensures a smoother transition to AI integration.<sup>17</sup>
- **Investing in skill development:** Upskilling employees through AI literacy programs ensures that the workforce can effectively engage with and utilise AI tools. MSMEs can partner with ed-tech firms to offer AI and ML courses. A well-trained workforce can leverage AI technology to its fullest potential.<sup>18</sup>
- **Collaboration and partnerships:** MSMEs can collaborate with technology providers, AI startups, and academic institutions for broader AI implementation, giving them access to expertise and resources that MSMEs may lack internally. For instance, technology companies such as Microsoft and IBM offer AI platforms and services specifically designed for SMEs, providing them with scalable and affordable solutions.<sup>19</sup>

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<sup>16</sup> *Incorporating AI Technology in SME Operations in India: Best Practices and Strategies*  
**Wadhvani Foundation**

<sup>17</sup> *AI Adoption Strategies For MSMEs: Navigating The Challenges And Opportunities - Inc42*

<sup>18</sup> *Incorporating AI Technology in SME Operations in India: Best Practices and Strategies -*  
**Wadhvani Foundation**

<sup>19</sup> *Driving SME innovation with AI solutions: overcoming adoption barriers and future growth opportunities - International Journal of Science and Technology Research*



# Conclusion

AI adoption presents a transformative potential and opportunity for MSMEs, enabling them to enhance efficiency, reduce costs, and drive innovation. While the implementation challenges are real, the right strategies and government support can significantly reduce the complexities of AI integration. AI adoption by MSME's can level the playing field for MSME's to compete with larger companies and open new avenues for growth and long-term success.



# Impact of AI on Data-driven Advertising

by Dhruv Suri

Partner, *PSA Legal Counsellors* & Advisory Board Member, *DPO Club*

and Dylan Sharma

Associate, *PSA Legal Counsellors*

AI has become a cornerstone of modern data-driven advertising, transforming how brands interact with consumers and optimise campaigns. Modern machine learning algorithms analyse vast volumes of data from promotional emails and newsletters, online searches, feedback surveys, and platform interactions to predict consumer behaviour and personalise experiences, depending on the user's preferences, actions, and needs. This makes advertising more efficient, targeted, and results-driven, with better ROI, sometimes boosting conversion rates by 30%.<sup>20</sup>

## + Major Use Cases

While AI is deployed in advertising for various applications, some common use-cases are:

- **Hyper-personalisation:** AI creates deeply personalised experiences by analysing user behaviour, preferences, and past interactions. Companies are increasingly deploying AI copilots or conversational assistants to analyse the customer relationship management data and provide recommendations, custom codes, content, etc. For example, Zomato's AI-generated ads feature celebrities like Hritik Roshan and Ranveer Singh

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<sup>20</sup> *How AI Will Transform Digital Marketing in 2025: What Marketers Need to Know*

- *Consultus Digital*



mentioning food dishes specific to a particular area or restaurant. Using conversational AI, these tools clone speech samples, generate audio, and map them to realistic lip movements via Generative Adversarial Networks.<sup>21</sup> Advertisers can produce multiple ad versions that adapt in real-time based on audience data.

- **Predictive analytics:** AI studies historical data on customer segments, markets, and consumer tendencies to forecast trends and predict potential leads. This allows targeted advertisements and optimal use of marketing budgets. AI can also analyse data from multiple campaigns, such as consumer engagement and purchases, to strategise and predict future campaign outcomes.<sup>22</sup>
- **Programmatic advertising and ad performance optimisation:** Programmatic advertising leverages AI to automate ad inventory buying and selling in real-time. AI algorithms evaluate vast datasets in milliseconds to determine optimal ad placements and audience targeting. AI also identifies platforms and time periods with the highest engagement, ensuring ads are placed where they are most effective.
- **Dynamic content generation:** Generative AI tools such as *Salesforce Marketing AI* create tailored content by studying market and consumer data for segmentation. They assist in crafting personalised ads, analysing user interactions, and recommending the next-best actions to drive engagement.

## Challenges in Data Privacy

While the benefits are undeniable, AI-driven advertising comes with significant challenges, particularly in regards to data privacy.

- **Emphasis on consent:** AI systems rely on extensive data inputs, often tracking user behaviour across online interfaces. Under the Digital Personal Data Protection Act, 2023 (“**DPDPA**”) read with the draft Digital Personal Data Protection Rules, 2025 (“**DPDP Rules**”), advertisers must

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<sup>21</sup> *AI in Marketing – The Complete Guide* - **Salesforce**

<sup>22</sup> *8 Ways to Use AI in Digital Marketing* - **HubSpot**





obtain explicit and informed consent from users before collecting or processing personal data. Consent has to be granular, specific, and unambiguous. AI tools accessing historical data and cross-platform information face operational complexities in obtaining specific consent for each instance of data processing. A broadly worded consent notice will not be compliant.

Interestingly, Section 7(a) of the DPDPA exempts advertisers from obtaining consent if data is voluntarily provided for a specified purpose without refusal. However, what comprises ‘voluntary’ and ‘legitimate use’ remains unclear. Similarly, Rule 15 of the draft DPDP Rules exempts processing for ‘research, archiving, or statistical purposes.’ It is uncertain if any marketing research activities might fall under this exemption.

- **Consent withdrawal:** The DPDPA allows users to withdraw consent anytime. For AI systems, relying on continuous data input, this poses operational challenges. Advertisers must ensure that data is deleted or anonymised upon consent withdrawal without compromising the integrity of AI models. Additionally, companies must determine how to handle trained data sets if consent for part of that data is withdrawn.
- **Data minimisation:** The DPDPA’s data minimisation principle, mandates collecting only such data that is strictly necessary and for a specific purpose. This limits AI algorithms, which thrive on comprehensive datasets for accurate predictions and insights.
- **Children’s data:** The DPDPA introduces stringent requirements for processing children’s data, including verifiable parental consent. This is challenging since AI tools often lack mechanisms to identify and filter out a child’s data. Non-compliance risks are heightened for brands targeting younger demographics since Section 9(3) of the DPDPA bans advertisements targeting children. Companies must implement stringent age-gating mechanisms to ensure compliance with the DPDPA.
- **Algorithmic transparency:** A broader objective of the DPDPA is accountability and transparency, so that consumers understand how their data is processed. However, AI systems lack explainability, making it difficult to explain how specific decisions—such as ad targeting or



content recommendations—are made. This lack of transparency can lead to mistrust among users and attract regulatory scrutiny.

The DPDPA and its rules challenge advertisers to rethink their strategies of excessive and almost free-handed deployment of AI. With strict consent requirements, advertisers will only be able to process voluntarily or consensually provided data. While this ‘intelligent data’ may ensure higher conversion rates, advertisers must invest in privacy-enhancing technologies and AI governance solutions to navigate a privacy-first world effectively. Ethically used AI, coupled with stringent privacy practices, can create significant value for brands and consumers alike.



# Industry Readiness to Harness the Power of AI: Opportunity and Challenges

by T.V. Ramachandran

President

**Broadband India Forum (BIF)**

In today's dynamic digital landscape, AI is revolutionising advertising and reshaping how businesses communicate with their audiences. Imagine a cosmetics startup using AI to analyse millions of user reviews and social media interactions, offer tailored product recommendations based on local weather and skin types, and target skincare enthusiasts across India. This is the power of precision and scale that AI brings to modern advertising.

Within the overall advertising industry in India, the online advertising market is projected to grow at a rapid compound annual growth rate (CAGR) of around 23.49%, with ad spending on digital expected to reach INR 62,045 crore by this year.<sup>23</sup> In this context, a significant fraction of MSMEs and startups have been using AI-powered tools for ad creation and design, audience targeting, budget optimisation, and performance analysis, among others, to enhance their business goals.<sup>24</sup> According to a recent Broadband India Forum-Primus Partners study, 64% of such businesses believed that AI would reduce advertising costs in the future, while 76% opined that it would make online advertising more accessible, thus democratising opportunities for smaller businesses.<sup>25</sup>

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<sup>23</sup> *Digital Advertising Report 2024 - Dentsu India and exchange4media*

<sup>24</sup> & <sup>25</sup> *Leveraging Online Ads for India—Unpacking the Impact of Online Ads on MSMEs and Startups - Broadband India Forum (BIF) & Primus Partners Report*

## ✦ The Promise of AI in Advertising

AI empowers advertisers to deliver personalised ads to consumers based on preferences, purchase patterns, behaviours, and demographic profiles. AI-powered programmatic ads are capable of changing digital ad creatives to show relevant content based on web page context and user signals. In a highly diverse and price-sensitive market like India, this nuanced targeting allows businesses to create hyper-localised ad experiences that resonate with audiences across regions. AI-powered analytics optimise campaigns with real-time data analysis to maximise return on investment and enable businesses to penetrate regional markets.

From automating repetitive tasks and refining content creation to bid management and audience segmentation, AI simplifies workflows while providing deeper insights to understand trends, predict future preferences, and make data-driven decisions. For MSMEs and startups, this translates to efficient resource allocation and improved lead generation at reduced operational costs. The advent of AI advertising tools allows smaller businesses to compete in markets that have long been the domain of larger corporations.

## ✦ Challenges in AI-driven Advertising

While AI presents enormous potential, its reliance on vast amounts of consumer data raises privacy concerns. As India prepares to enforce the Digital Personal Data Protection Act 2023, businesses should understand the importance of the 'Privacy by Design' principles, including data minimisation, purpose limitation, consent mechanisms, and transparency. Incorporating these principles into systems would build a culture of privacy, significantly reducing the risks of data misuse and breaches.

Another complication in the use of AI is the potential for algorithmic bias. AI systems are only as unbiased as the data they are trained on. Inadvertent biases in training data can lead to discriminatory practices, reinforcing stereotypes, or excluding certain demographics in the provision of services.<sup>26</sup> For instance, AI-driven ad placements might prioritise urban over

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<sup>26</sup> Need for Navigating the Complexity of Bias in AI within India's Diverse Landscape - **IndiaAI**



rural audiences, exacerbating the digital divide. Even the legal ramifications of using AI for content creation raise concerns about ownership and infringement. Addressing such biases and concerns demands businesses be conscious of the datasets they use and the content they produce.

The ‘black box’ nature of AI<sup>27</sup>—where algorithms operate without transparent decision-making processes—further complicates trust-building efforts, especially in a market like India, where most consumers are yet to adapt to ‘digitalisation’. Ensuring fairness and inclusivity in AI systems is imperative.

## Navigating Regulation: Balancing Innovation and Responsibility

India currently does not have a dedicated AI regulatory or governance framework, and stakeholders in advertising, like other industries, must navigate this uncharted territory. Sector-specific regulations such as the Department of Consumer Affairs’ (DoCA) Guidelines for Prevention and Regulation of Dark Patterns signal a growing intent to address deceptive practices and protect consumers in the online advertising space.

While the future of AI regulation in advertising remains unclear, one thing is certain: addressing issues like misinformation, algorithmic bias, and consumer manipulation will be central to any framework, with privacy-centric strategies playing a critical role, such as adopting transparent consent mechanisms, using privacy-enhancing technologies, and disclosures in appropriate context. Verification mechanisms for algorithmic software deployed for processing data may be put in place to ensure AI tools do not pose risks to the rights of users.

Businesses must go beyond compliance. Instead of merely adhering to minimum standards, they should adopt consumer-first approaches that prioritise transparency and trust. This is not just a moral imperative but a strategic advantage in an increasingly competitive market. Responsible use of such tools fosters goodwill and builds long-term loyalty—a currency that will outlast short-term gains from exploitative practices.

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<sup>27</sup> *Why we need to see inside AI's Black Box - Saurabh Baghchi & The Conversation US*

## The Road Ahead: AI as an Advertising Game-changer

India's advertising industry stands at the cusp of an AI-powered revolution. To fully harness this potential, businesses, policymakers, and technology providers must align their efforts toward a shared vision—one that balances innovation with accountability. By adopting responsible practices, AI can be leveraged to achieve more inclusive and impactful consumer-centric advertising. This approach would pave the way for India to lead globally in AI-driven advertising, shaping a future where AI advancements fuel economic growth and empower businesses of all sizes.



# AI: Rise of a New Muse in Marketing and Advertising

by Mohan Jayaraman

Partner

*Bain & Company, Singapore*

Artificial intelligence (AI), incorporating its latest capabilities with Generative AI (Gen AI), is rapidly transforming the landscape of marketing and advertising, moving beyond the buzz to become a powerful engine driving innovation, and redefining industry practices. Where data and models always played essential roles in marketing and advertising, Gen AI adds in additional creative and reasoning abilities to enable and support fresh creative ideas that can optimise campaigns with precision. AI today offers organisations unprecedented opportunities to connect with their audiences in more meaningful and effective ways.

## ✦ Enhancing Customer Understanding

Customer insights and behaviour prediction: AI can analyse vast amounts of data to identify patterns and trends, helping marketers to better understand customer needs and preferences. Newer AI capabilities additionally allow personalisation at scale, transforming structured and unstructured customer data to insights on individual preferences to increase engagement and conversion rates.

## ✦ Creativity and Storytelling

While AI has stayed away from the creative processes, Gen AI is enhancing creative processes by providing insights, automating repetitive tasks, and enabling more dynamic content creation.



AI tools today help marketers to generate high-quality content, be it blog posts, ad copy, or social media captions. These tools provide inspiration, suggest engaging headlines, and optimise messaging for different audience segments.

Additionally, AI-driven design tools allow marketers to create high-quality images and videos with minimal effort. AI-powered video generators enable the creation of personalised video ads at reduced production costs and time.

Today, AI can also analyse user behaviour and preferences in real time to deliver personalised stories. Interactive ads can adjust their narratives based on user interactions, making advertising more engaging and immersive.

Contrary to popular belief, AI isn't replacing human creativity; it's augmenting it. AI tools can be used to fuel brainstorming sessions, generate new ideas, and even craft compelling narratives.

## Predictive Analytics

One of the most significant contributions of AI in marketing has historically been in its ability to predict future outcomes. By analysing historical data and identifying trends, AI-powered predictive analytics can forecast consumer behaviour, anticipate market shifts, and optimise campaign spending. This allows marketing to be more data-driven, enabling effective allocation of resources to personalise customer experiences with unparalleled levels of accuracy. AI can predict customers' churn likeliness, allowing businesses to proactively address their concerns and retain their loyalty. It can also identify high-potential leads, enabling sales teams to focus their efforts on the most promising prospects.

## Automation and Process Optimisation

Marketing automation, powered by AI, is revolutionising how campaigns are executed. AI algorithms can automate repetitive tasks such as email marketing, social media posting, and ad bidding, freeing up marketers to





focus on more strategic initiatives. AI can also take on the task of inferring insights on customer preferences to create a virtuous cycle of increasing marketing efficiency.

## Staying Ahead of the Curve

Organisations that want to leverage the power of AI in marketing and advertising need to take a strategic approach. Here are some key steps:

- **Right tooling:** Explore the wide range of AI-powered marketing tools available, from analytics platforms to content creation tools. Choose solutions that align with your specific needs and budget.
- **Building a data-driven culture:** Ensure that your organisation has the infrastructure and expertise to effectively collect, analyse, and interpret data. This includes investing in data management tools and training employees on how to use them.
- **Embrace experimentation:** AI, especially Gen AI, is a rapidly evolving field, so it's important to embrace experimentation and be willing to try new approaches.
- **Continuous performance monitoring:** Monitor the performance of your AI-driven campaigns and make adjustments as needed.
- **Focus on ethical considerations:** As with any powerful technology, it's crucial to use AI responsibly and ethically. Ensure that you are complying with data privacy regulations and that your AI algorithms are not perpetuating bias.

## AI—the Epicentre of Marketing of the Future

With its current capabilities, AI is not just a trend—it's a fundamental shift in how marketing and advertising are done. Organisations that embrace AI and integrate it into their strategies will be better positioned to understand their customers, personalise experiences, and achieve their business objectives. The future of marketing is intelligent, and those who fail to adapt risk being left behind. Success in this new era will belong to organisations that view AI

not as a mere tool but as a strategic partner in their marketing efforts. By combining human creativity with AI's analytical power, companies can create more engaging, personalised, and effective marketing campaigns that drive real results while building stronger connections with their audiences.





# Trust Issues: The Internet's Long Con on Authenticity

by Tanuj Bhojwani

Former Head

People+ai

In the early days of media, the rules were simple: content was content, and ads were ads. Newspapers had their articles neatly separated from the classifieds. Television shows were interrupted by commercial breaks, complete with jingles and taglines you could hum along with. The line was clear, and everyone knew where they stood.

But as mediums evolved, so did the strategies of brands. Product placements crept into our favorite shows. Sponsored content looked deceptively close to journalism. Ad links were virtually indistinguishable from search results. Brands didn't just want to advertise—they wanted to become the media.

This blurring of lines wasn't accidental; it was strategic. Brands realised that the more seamlessly they could integrate into our lives, the more effective their messaging would be. And for a while, it worked.

But as mediums move from clear to blurry, the audience starts losing trust and looking for new mediums. People begin to see through the veneer. They crave authenticity, not advertising. Enter the internet and the creator economy, the great equalisers.

## The Rise of Authentic Communities

The internet gave us something unprecedented: spaces where people could speak freely, without the filter of corporate messaging. Reddit



forums became the go-to places for unfiltered opinions. Kickstarter campaigns turned passionate communities into powerful brand builders. Products such as the Oculus Rift and Pebble Smartwatch weren't just gadgets; they were movements, fuelled by the genuine enthusiasm of early adopters. When your advertising is backed by a product people love, challenger brands can give incumbents a run for their money.

But this authenticity came with a caveat: it was fragile. Trust, after all, is a public good. It's like a clean lake. If a few people pollute it, the ecosystem might survive. But if everyone dumps their waste and no one cleans up, the lake turns into a swamp. And once that happens, the fish leave. So do the birds. And eventually, so do the people.

## The Erosion of Trust

Today, we're standing on the edge of that lake, watching as the waters grow murkier. The latest wave of technology—generative AI—will give companies the ability to generate massive volumes of 'authentic' content. They will be the factories of the industrial revolution, outperforming the traditional artisanal production houses of individual creators.

Take Varun Mayya, for example. He's a creator who spends very little time in front of the camera, relying instead on AI clones and scripts to produce content. While Varun is a rockstar who speaks his mind, not every creator will be as diligent. Some will skip reviewing scripts. Others will outsource their authenticity entirely. And when that happens, the lake gets dirtier.

This isn't just hypothetical; we've seen it before. Celebrities have shirked their responsibilities in the era of print and TV as well, endorsing products they've never used or causes they don't believe in. The creator economy is no different. But AI amplifies the risk to a whole new level with digital astroturfing.

Imagine a community online discussing some specific product you're interested in—say sneakers. Some over there love a brand; some hate it.

Someone has posted an unboxing video showing a product and detailing its features. Here's the catch: the people are all fake. The video was AI-generated. The product hasn't even been made.

Creating a fake this elaborate used to be expensive, so we believed it wouldn't be fake. Now it isn't. This can lead to a lot of digital astroturfing and the public will lose trust in the medium you just spent the last decade perfecting.

## + The Collapse of Trust Systems

Every trust system we've built on the internet is now under threat. Reviews? Easily faked. Star ratings? Manipulated. Unboxing videos? Scripted. Even the comments under a reel could be generated by AI, complete with fake followers and fabricated enthusiasm. The very tools we used to navigate the digital world are being weaponised against us. And once trust is gone, it's hard to get back.

## + The Way Forward

So, what do we do? We can't tame the entire internet, but we can create and protect spaces where genuine human discourse can thrive. These spaces must be designed with transparency and accountability in mind. Here are a few actionable steps:

- 1. Label AI-generated content:** Just as we distinguish between ads and content, we need clear labels for AI-generated material. This isn't about stifling innovation; it's about preserving trust.
- 2. Build verified communities:** Platforms such as Reddit or Discord could introduce verified user badges for real humans, creating pockets of authenticity in a sea of noise.
- 3. Encourage critical thinking:** Media literacy should be a priority in education. Teach people to question what they see online, not to take it at face value.

4. **Support independent creators:** Platforms should reward creators who maintain transparency and authenticity, creating incentives for honest engagement.
5. **Regulate astroturfing:** Governments and tech companies must work together to detect and penalise large-scale AI-driven manipulation.

Trust is a public good, and it's one we can't afford to lose. If we don't act now, we risk turning it into a swamp—a place where no one wants to swim, fish, or drink. The challenge isn't to stop AI-generated content; it's to create spaces where humans can talk freely, where motivations are clear and where trust can flourish. If we can create a healthier space than social media to have these conversations, we will not only benefit from advertising but also save people's trust.



# The AI Pioneer: How India can Seize the AI Opportunity

by Google

The use of AI has the potential to deliver extraordinary productivity and economic gains, revolutionising business models across different sectors and helping them scale and streamline service delivery. Economies that take meaningful steps to support the development and broad adoption of AI stand to attract massive investment and gain a considerable competitive edge.

AI's potential goes far beyond the current focus on generative AI. While generative AI has gained significant attention, it represents only a fraction of the broader economic transformation that AI is poised to catalyse.

AI will play a crucial role in delivering the target of a USD 1 trillion digital economy by 2028, which is expected to account for 20 percent of India's GDP. A Google-commissioned report estimated that at least INR 33.8 lakh crore (USD 4 trillion) of economic value from AI adoption can be achieved in India by 2030 (Source: Google; *An AI Opportunity Agenda for India*)

## + The Emergence of India as an AI Pioneer

India stands at a crucial juncture, with the potential to leverage AI for substantial economic transformation. Through the rapid pace of AI advancements, India has the structural advantages to be a pioneer in AI, drive higher output, and attract significant inward investment. Several factors position India to emerge as an AI leader:



- **A growing Digital India:** India's rapidly increasing internet user base, expected to reach 1 billion by 2026 (Statista), is fuelled by its sophisticated digital economy. This provides an outsized testing ground for AI applications and solutions.
- **Strong IT services sector:** India's robust IT services sector, recognised globally for its skilled workforce and cost-effective solutions, can play a pivotal role in accelerating AI adoption across every industry. India's IT sector contributes 7.4% of the country's GDP and is expected to reach \$350 billion in revenue by 2026 (IBEF).
- **Dynamic startup ecosystem:** India's vibrant startup ecosystem can be a hotbed of AI innovation by addressing the unique local challenges across industries, such as fintech, e-commerce, and healthcare. India has the third-largest startup ecosystem globally, with over 90,000 startups and over 100 unicorns (Invest India).
- **Government support and investment:** The Indian government has played a significant role in promoting AI development through partnerships with industries and investment in AI infrastructure. NITI Aayog, the government's policy think tank, has released a national strategy for AI, focusing on 'AI for All' that aims to drive inclusive growth and promote responsible innovation (NITI Aayog).

By adapting successful strategies and establishing benchmarks for AI opportunity leadership, India can have all the tools necessary to effectively harness this transformative technology. But achieving these productivity gains requires widespread adoption and organisational adaptation. The competition for AI will be won not by economies that invent new technologies first, but by those that deploy them best.

## + Strategies for Harnessing AI's Economic Potential in India

Google's AI Opportunity Agenda highlights key areas for the industry and the government to collaborate and ensure that the benefits of AI are shared





widely. India has all the potential to drive broad-based economic growth and advance AI development by focusing on three key areas: Infrastructure, Skilling and Development, and Responsible AI Frameworks, primed for widespread deployment.

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### Leadership in AI Infrastructure

India's investments into AI infrastructure are critical for a thriving AI ecosystem. The country already has the legacy of private-public partnerships through decades of IT innovation. By continuing to build cutting-edge AI infrastructure to support a wide array of industries, India can leapfrog to AI leadership. This includes creation of:

- **High-speed internet, data centres, and cloud infrastructure:** Investing in expanding high-speed internet access and building state-of-the-art data centres is crucial for AI development and deployment. India needs to add significant data centre capacity; projections suggest a need for 15-20 GW of data centre capacity by 2030 to support AI growth (industry estimates, based on global trends). Google's India Digitisation Fund is investing \$10 billion USD over five years, directed towards infrastructure, partnerships, and equity investments that will support India's digital economy and infrastructure.
- **Accessible data systems:** Implementing open data policies and creating mechanisms for research collaboration can enable researchers and businesses to access the data needed for AI development. Secure data sandboxes and anonymisation protocols can balance data access with privacy concerns. Privacy Enhancing Technologies (PETs), combined with AI innovations, are already showing the potential to drive inclusive economic progress whilst making the internet more private. It includes techniques like data minimisation (collecting only necessary data), purpose limitation (using data only for the specified purpose), data anonymisation and pseudonymisation, and implementing robust security measures to protect data from unauthorised access and breaches.



- **Compute capacity:** Ensuring access to sufficient compute resources will allow researchers and businesses to effectively train and deploy AI models. This may involve government subsidies or incentives for cloud computing services and partnerships with leading cloud providers. The Indian government's Production Linked Incentive (PLI) scheme for IT hardware, with an outlay of approximately ₹17,000 crore (\$2 billion USD), will indirectly support AI infrastructure development (Source: Ministry of Electronics and Information Technology).
- **Energy solutions:** AI infrastructure requires significant amounts of power for training and operation, so it is important for government and industry to work together and unlock power infrastructure capacity. The country needs to double its current investments, which are 2.3% of the country's GDP, in energy infrastructure to meet the growing demands of AI (International Energy Agency). The responsibility for building this sustainably involves using renewable energy sources to power data centres for AI infrastructure projects.

## 02

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### Accelerating AI Skilling and Deployment

Building an AI-ready workforce requires a collaborative effort between the government, private sector, and educational institutions. This entails building three levels of AI fluency:

- **AI learners:** This calls for equipping all workers and students with fundamental AI skills through expanded STEM and digital training programs in K-12 education. Additionally, there is a need to fund undergraduate, graduate, and post-doctoral research fellowships to promote AI and technology literacy and expand computer science and AI curricula and programmes at public universities. The National Education Policy (NEP) emphasises digital literacy and computational thinking, laying the foundation for AI skills.
- **AI implementers:** Adoption of AI tools by governments, traditional industries, and small businesses needs to be amplified through training programmes and platforms focused on practical application, tool usage,

and integration into existing workflows. The "Valuebuy" program in Korea, which provides information and education and expands distribution channels to online platforms for SMEs interested in adopting digital and AI tools, can be a good model for India. Chile's national Ruta Digital programme also provides AI-skilling courses to smaller businesses.

- **AI innovators:** This involves building deep technical expertise to develop AI technology, including increasing investments in fundamental AI research through national labs and universities and research foundations.

Specific strategies for India include:

- **Upskilling and reskilling programmes:** Investing in continuing education, upskilling, and digital reskilling programmes for displaced workers and creating public-private partnerships to bring companies within industries together for industry-wide training. The government's Skill India Mission and FutureSkills Prime (a joint MeitY-nasscom initiative) are key platforms for this.
- **Preparing SMEs to use AI:** Setting up platforms and programmes (including those under the Skill India Mission), AICTE's curriculum changes, and establishing AI Centres of Excellence to enable SMEs to test AI use cases, building AI talent, and access to grants and training.
- **AI adoption in traditional sectors:** Making process and organisational changes to help industries integrate AI into everyday operations and improve productivity. For example, in agriculture, AI can be used for precision farming, crop monitoring, and yield prediction. In manufacturing, AI can be used for predictive maintenance, quality control, and supply chain optimisation.

Google is actively contributing to AI Skilling through initiatives such as Google Career Certificates, Google Cloud Skills Boost, Developer Student Clubs, TensorFlow User Groups, research grants, and partnerships with educational institutions. Google has a clear goal to empower 10 million people in India with AI digital literacy—including students, job seekers, educators, startups and developers, and civil officials—and offer technical knowledge to help contribute towards building an AI-ready workforce.



## Responsible AI Framework

Developing a responsible AI framework is crucial for driving innovation and investment in AI while mitigating potential risks and ensuring ethical development. This framework should be built on core principles of fairness, transparency, accountability, privacy, and security.

Key components of a responsible AI framework for India should include:

- **Risk-based principle:** Adopting a risk-based principle to guide the development of AI. This means calibrating country requirements to the level of risk posed by specific AI applications, with higher-risk applications subject to stricter oversight and requirements.
- **Ethical guidelines and codes of conduct:** Use of responsible AI needs to be promoted by publishing codes of conduct, principles, and standards, building on NITI Aayog's National Strategy for Artificial Intelligence and drawing inspiration from frameworks like Singapore's Model AI Governance Framework. These should address issues such as algorithmic bias, fairness, transparency, and explainability.
- **Data protection and privacy:** Incorporating privacy-by-design principles into AI development entails building privacy considerations into every stage of the AI lifecycle, from data collection and processing to model training and deployment. This principle also emphasises user control and transparency, giving individuals greater control over their data and providing clear information about how their data is being used.
- **Transparency, accountability, and oversight:** Transparency in AI systems needs to be fostered to facilitate understanding of how decisions are made, particularly in high-stakes applications. Clear lines of accountability for AI systems must be established, with human oversight and mechanisms for redress in case of harm. This includes exploring techniques like explainable AI (XAI) to enhance transparency and facilitating independent audits and assessments of AI systems.

- **International cooperation:** Participating in global initiatives such as the Global Partnership on Artificial Intelligence (GPAI) and adoption of international standards by organisations such as the International Organisation for Standardisation (ISO) will promote collaborative and interoperable responsible AI development. Trade and economic agreements may also be leveraged to support the development of consistent and non-discriminatory AI regulations and prevent fragmented or differentiated treatment of AI applications based on geography.

## Conclusion: and a call to action

India has all the potential to become a leader in AI, driving economic growth and inclusive development for all its citizens.

To fully realise AI's benefits, India must create a supportive environment for public and private-sector investment in AI infrastructure. It must be paired with public-private approaches to build the workforce of the future, and ensuring regulatory frameworks spur innovation.

By strategically focusing on infrastructure development, workforce skilling, and responsible frameworks, India can unlock the transformative potential of AI, drive economic growth, and secure a prominent position in the global AI landscape. This proactive approach will allow India to not only participate in, but also shape, the future of AI-driven progress.



# Navigating the Indian Legal Landscape of an AI World

by Tanu Banerjee

Partner

*Khaitan & Co*

Over the past years, India has witnessed a dramatic growth in the adoption of AI by businesses across sectors, development in computing capacity, and expansion in the internet user-base. On the customer-facing end, AI is being deployed by businesses for content creation, as virtual assistants and content / advertisement recommender systems. AI is also being used for internal processes for lead-to-quote generation, data analysis, and customer and workforce management. While existing Indian laws permit redressal from harms caused by AI, there is no specialised legislation on AI. The Indian Government has been proactive in its approach to its regulation by publishing expert-committee reports and engaging in stakeholder discussions. This article outlines the current legal framework for AI, sets out key challenges in AI regulation, and provides actionable recommendations.

## Current Legal Framework

### **IT Act 2000**

### **IT Rules 2021**

### **MeitY Advisories**

- Regulates activities on the internet, content, provides safe-harbour to intermediary platforms.
- Compliances for intermediary platforms and publishers of digital media.



- Require intermediaries to prohibit AI-generated content violating IT Rules 2021, prevent bias or electoral threats, make disclosures for under-tested / unreliable AI, label AI-generated content.

### **Consumer Protection Act 2019**

- Regulates advertising content, prohibits misleading ads, mandates disclosures for influencer/celebrity endorsements, bans deceptive interfaces.

### **ASCI Code for Self-Regulation and ASCI Guidelines**

- The ASCI Code covers fundamental principles for fair and truthful advertisements, and guidelines for ads for vehicles, food and beverages, educational institutions, disclaimers, skin lightening / fairness products, celebrities and influencers, rankings, online gaming, etc

### **Copyright Act 1957**

- Protects rights of authors in copyrighted works - does not recognise AI-authorship.

### **Trade marks Act 1999**

- Protects registered trademarks from infringement, tarnishment or dilution.

### **Bhartiya Nyaya Sanhita 2023**

- Prohibits content which is obscene, defamatory, promotes violence, and comprises hate speech, also prohibits unauthorised impersonation.

### **Protection of Children from Sexual Offences Act 2012**

- Prohibits child sexual exploitative and abusive material.

**Indecent Representation of Women (Prohibition) Act 1986**

- Prohibits content which contains indecent representation of women in any form.

**Data protection laws**

- Provides for consent-based personal data collection.

The Information Technology Act 2000 and the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 (IT Rules 2021), regulate activities by persons on the internet, publication and dissemination of content, and provide for safe harbour to intermediary platforms. The IT Rules 2021 lay down the compliances required for intermediary platforms and publishers of digital media. Further, the Ministry of Electronics and Information Technology has issued advisories that require intermediaries to (a) prohibit AI-generated content that violates the IT Rules 2021 (such as deepfakes) and inform users of the same; (b) ensure AI does not enable bias, discrimination, or threaten electoral processes; (c) disclose the unreliability of under-testing AI models; and (d) label AI-generated content to identify its originators.

The Consumer Protection Act 2019 (CPA) and the rules and guidelines issued thereunder comprise several sector-specific laws that regulate advertising content for goods and services such as tobacco, liquor, drugs, medical and legal professionals, etc. Further, the 'Code for Self-regulation of Advertising Content in India' of the Advertising Standards Council of India (ASCI) and the guidelines issued by ASCI, which comprise ASCI's self-regulatory framework, play a key role in regulating advertisements in India and have received statutory legitimacy for all advertisements on television. Each of these regulatory frameworks, though primarily intended to govern advertising and protect consumer interest, is relevant in the context of AI-generated content as well, given they apply to all advertising content, including those created using AI tools.



Certain other sector and medium-agnostic laws also regulate the use of AI and AI-generated content, such as:

1. *Bhartiya Nyaya Sanhita 2023 (BNS)* (which replaced the Indian Penal Code) prohibits content that is obscene, defamatory, promotes violence, and comprises hate speech. Further, the BNS also prohibits unauthorised impersonation.
2. *Protection of Children from Sexual Offences Act 2012*, which prohibits child sexual exploitative and abusive material.
3. *the Indecent Representation of Women (Prohibition) Act 1986*, which prohibits content that contains indecent representation of women in any form.

The Indian Copyright Act 1957 does not recognise AI as an author; however, tests for works generated or augmented using AI are yet to evolve in India. Regardless, an infringement claim would lie against the unauthorised creation of AI-generated works that are based on an existing copyrighted work. Over the past years, there have been several judicial cases in India and abroad dealing with issues around the use of AI. For example, the use of copyrighted works to train AI models is currently the subject of an ongoing legal case in the Delhi High Court.<sup>28</sup> Several judicial orders have also affirmed the personality rights of celebrities against the unauthorised creation of AI-generated content with representations of audio or visual likeness of celebrities<sup>29</sup>.

The Trademarks Act 1999 provides for reliefs against infringement of a registered trademark caused by AI-generated content. And once the Digital Personal Data Act 2023 (DPDPA) and the rules thereunder are notified by the Government, AI models and entities that use such models will require explicit consent from persons to train or provide output based on their personal data.

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<sup>28</sup> *ANI Media Pvt Ltd v Open AI Inc, CS(COMM) 1028/2024 (Delhi High Court)*

<sup>29</sup> *Anil Kapoor v Simply Life India, 2023 SCC OnLine Del 6914; Arijit Singh v Codible Ventures LLP, Interim Application (L) No. 235560 of 2024 in Com IPR Suit (L) No. 23443 of 2024 (Bombay High Court); Jaikishan Kakubhai Saraf v the Peppy Store, CS(COMM) 389/2024; Karan Johar v India Pride Advisory Pvt Ltd, Interim Application (L) No.17865 of 2024 in Com IPR Suit (L) No. 17863 of 2024.*

## CHALLENGE 1

### Harm caused by AI-generated content

Improperly tested AI models may create undesirable or unlawful content, which could be used for misinformation, deepfakes, etc. Advertisers have been engaging celebrities to create personalised and unique experiences for consumers, such as Cadbury's use of Shahrukh Khan's AI-generated likeness in personalised advertisements tailored to local stores<sup>30</sup>. Unmoderated AI-generated content comprising a celebrity's likeness may open the doors for the creation of undesirable or harmful content by malicious actors, potentially leading to liability claims for the advertiser from the celebrity or other persons affected by such content.

#### Recommendations:

- Prohibition of users from creating undesirable content by implementing internal safeguards in the AI model, such as
  - a. blacklisting certain themes or keywords; and
  - b. adopting a 'human-in-the-loop' approach for content moderation.
- Obtaining consents for AI-assisted augmentation of proprietary content.
- Content labelling / watermarking to trace the first originators of undesirable / unlawful content.

## CHALLENGE 2

### Outcomes in cases of AI-assisted decision-making and liability

AI-assisted decisions can be biased due to biased training data or algorithms. For example, e-commerce marketplaces have deployed recommender

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<sup>30</sup> *Shah Rukh Khan My Ad - Cadbury - Ogilvy*



systems that may favour certain products or sellers. AI-driven workforce management could be susceptible to discrimination based on gender, race, and other categories, given that the AI tool may have been trained on data sets of historical information that are misaligned with current social, economic, and geographical realities.

## Recommendations:

- AI service providers and entities engaging such service providers should require algorithmic audits to ensure fairness in AI-assisted decision-making outcomes.
- Wide representative datasets should be employed by AI service providers.
- Organisations or individuals that use AI for commercial purposes or who create content to be commercialised using AI tools may also consider the inclusion of clear disclaimers regarding AI usage in marketing materials, user interfaces, terms of use, and other documents.
- Sensitive or high-risk decisions should involve human oversight.

### CHALLENGE 3

## Training data for AI models and copyright

Recent cases in India and overseas against AI service providers have focused on the unauthorised use of proprietary data to train AI models. Certain AI service providers have begun offering products based on AI models that have been trained on licensed works or works in the public domain.<sup>31</sup>

### Recommendation:

Businesses engaging AI service providers should ensure contractual safeguards against liabilities arising from the unauthorised use of data to train AI.

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<sup>31</sup> *Responsible Innovation in the Age of Generative AI - Adobe Blog*

## Data privacy and confidentiality

The application of the DPDPA will require explicit consents to be obtained for processing personal data of users through any AI model. AI models may therefore be required to de-train if consent for use of certain data has been withdrawn, which could be a challenge to implement.

### Recommendations:

- Businesses using AI-enabled services such as customer-facing virtual assistant / chatbots should ensure that user consent is adhered to while processing personal data.
- Internal protocols should be created to prevent employees from inputting confidential data.

## Conclusion

The inflection point for the AI revolution may have already arrived, driven by widespread consumer-facing applications, rapid expansion of AI models, and a surge in AI investments. As AI shapes both business operations and consumer preferences, the Indian Government is providing much-needed stimulus through hardware procurement, targeted investments in research and development, and new skilling institutes. Although the current regulatory framework can address certain AI-related risks, the Government has indicated that specialised AI legislation may be introduced, following extensive stakeholder consultations. It will be interesting to see how regulation of AI and existing laws applicable to use of AI evolve further once specific legislation is put in place.





# AI in Advertising: Opportunities and Guardrails for the Indian Market

by Mr. Rohit Kumar Singh

Member, *National Consumer Disputes Redressal Commission (NCDRC)*  
and Former Secretary of *Department of Consumer Affairs*

The advertising landscape in India is undergoing a profound transformation, driven by the rapid adoption of AI technologies. As we step ahead in 2025, AI is set to revolutionise how brands connect with consumers, offering unprecedented opportunities for personalisation, efficiency, and creativity. However, this technological leap also brings challenges that require careful consideration and ethical guardrails.

## ✦ Opportunities in AI-driven Advertising for Indian Brands

- **Hyper-personalised campaigns:** AI's ability to analyse vast amounts of data is enabling Indian advertisers to create highly personalised campaigns. A prime example is Cadbury's innovative Diwali campaign in 2021, which used deepfake technology to create a digital Shah Rukh Khan delivering geo-targeted messages supporting local businesses. This campaign not only showcased the power of AI in creating personalised content at scale, but also demonstrated how technology can be used to support small businesses in India's diverse market.
- **Efficient ad spend and targeting:** AI algorithms are helping Indian brands optimise their ad spend by predicting consumer behaviour and identifying the most effective channels. For instance, Volkswagen's use



of AI to forecast buying decisions led to a 20% increase in dealership sales while reducing costs. In the Indian context, where the market is highly diverse and fragmented, such AI-driven insights can be invaluable for brands looking to maximise their return on investment.

- **Multilingual content creation:** India's linguistic diversity presents both a challenge and an opportunity for advertisers. AI-powered tools used to create video courses in multiple languages can be particularly beneficial in the Indian market. Brands can leverage such technologies to create content in various Indian languages, ensuring wider reach and deeper engagement across different regions.
- **Voice search optimisation:** With increasing adoption of smartphones and voice assistants in India, voice search is becoming increasingly important. By 2025, it's estimated that nearly 50% of searches will be voice-based. Indian brands need to optimise their content for voice search, focusing on conversational keywords and natural language that resonates with the Indian audience.

## Ethical Considerations and Guardrails

- **Transparency and disclosure:** As AI becomes more prevalent in advertising, transparency becomes crucial. This ASCI whitepaper throws light on the potential challenges posed by AI in advertising that need to be addressed. Indian brands should consider adopting practices such as labelling AI-generated content as 'Powered by AI' to maintain consumer trust.
- **Data privacy and security:** With the implementation of the Digital Personal Data Protection Act (DPDP) in India, brands face the challenge of balancing personalisation with data protection. Advertisers must ensure robust data governance practices, adhering to privacy regulations while leveraging AI for targeted advertising.

- **Cultural sensitivity:** India's diverse cultural landscape requires AI systems to be trained on diverse datasets that represent the country's multicultural society. Advertisers must ensure that AI-generated content respects cultural nuances and avoids inadvertent offences.

## ✦ Future Trends for AI in Indian Advertising

- **AI shopping agents:** As e-commerce continues to grow in India, AI shopping agents are poised to revolutionise customer engagement. These agents can offer hyper-personalised recommendations, driving loyalty and conversions in a market known for its price sensitivity and diverse consumer preferences.
- **AR/VR integration:** The AR market is projected to reach \$50 billion by 2025. For Indian brands, especially in sectors such as fashion, furniture, and real estate, AR and VR technologies offer immense potential to create interactive and memorable shopping experiences that cater to the tech-savvy Indian consumer.
- **AI-powered marketing experimentation:** Tools like NetElixir's LXRInsights are enabling marketers to seamlessly integrate human expertise with AI-driven experimentation. In the Indian context, where market dynamics can vary significantly across regions, such tools can help brands to quickly adapt and optimise their strategies.

## Conclusion

As we enter 2025, AI is set to play a pivotal role in shaping the future of advertising in India. The technology offers unprecedented opportunities for personalisation, efficiency, and creativity, allowing brands to connect with India's diverse consumer base in more meaningful ways. However, success



in this new era will require a balanced approach that leverages AI's capabilities while adhering to ethical guidelines and respecting cultural sensitivities.

Indian companies are leading the global AI adoption curve, and as per estimates, 79% are planning to increase AI budgets in 2025, and 45% of employees are already using AI on a daily basis. This enthusiasm for AI, coupled with India's vast and diverse market, positions the country as a potential global leader in AI-driven advertising innovation. As the advertising landscape evolves, collaboration between industry stakeholders, technology providers, and regulatory bodies such as ASCI will be crucial in developing comprehensive guidelines that ensure responsible AI use in advertising. By embracing AI thoughtfully and ethically, Indian advertisers can create more engaging, effective, and culturally resonant campaigns that drive business growth while building lasting connections with consumers across the nation.





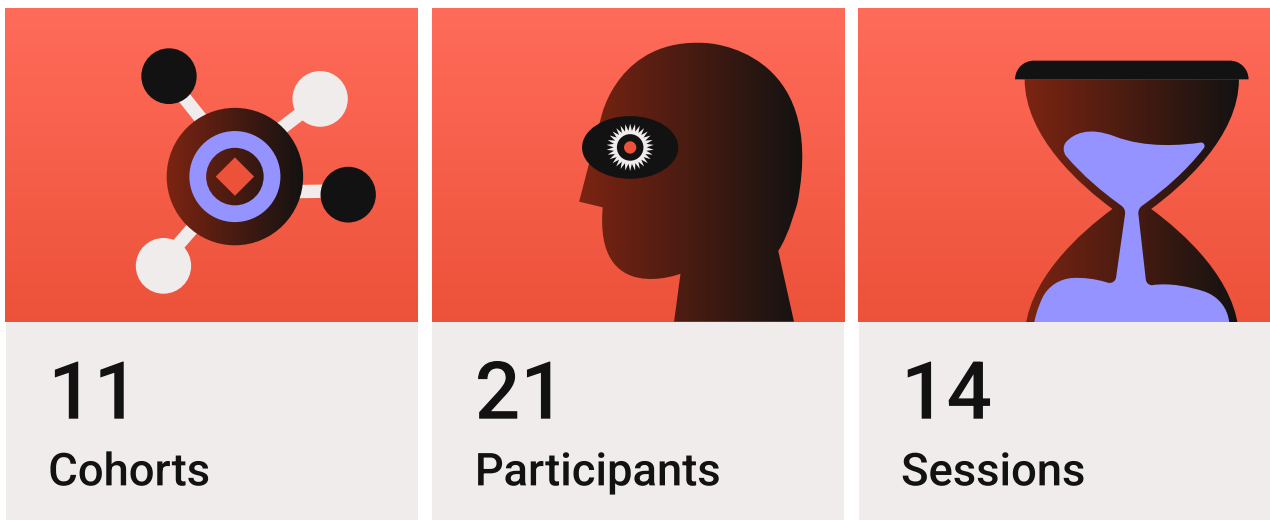
**ANNEXURE**

# METHODOLOGY

## PRIMARY RESEARCH

### Recruitment

A total of 3 focus groups and 8 one-on-one interviews were conducted over Zoom with 21 participants, representing diverse perspectives across business, technology, legal, and regulatory domains, among others. Participants were purposefully sampled to include professionals with expertise in AI, digital advertising, consumer privacy, and policy-making. The recruitment strategy prioritised diversity in roles and industries to capture a broad range of insights.



### Interview Format

The interviews were semi-structured and conversational, allowing for in-depth exploration of participants' experiences and perspectives. A discussion guide was developed, dividing questions into four key themes:

- 1 Perception of AI
- 2 Industry Adoption & Readiness
- 3 Consumer Centricity
- 4 A Responsible AI Framework

## Research Method

The qualitative research approach focused on understanding subjective experiences and industry-specific nuances. Each interview lasted approximately 45-60 minutes and followed a flexible structure to encourage participants to share rich, detailed narratives. Key aspects of the method included:

### Open-Ended Probing

Participants were encouraged to elaborate on their responses, enabling deeper exploration of their views on AI's implications across the four themes.

### Scenario Discussions

Contextual questions were used to understand participants' responses to specific scenarios, such as targeted advertising, AI-powered personalisation, or predictive analytics.

### Conversational Flow

Moderators maintained a natural and adaptable tone to build rapport, ensuring that participants felt comfortable sharing candid insights.

## Data Collection and Analysis

All interviews were recorded, transcribed, and analysed using thematic analysis. The process involved:

### Coding

Responses were systematically categorised into themes and subthemes, guided by the four main topics of inquiry. Emerging patterns and deviations were noted to identify shared perceptions and diverse viewpoints.

## Deductive and Inductive Approaches

While the thematic framework was pre-defined, inductive coding was used to capture new themes and unexpected insights that emerged during conversations.

## Research Outcomes

The analysis revealed nuanced insights into the interplay of technology, ethics, and consumer experiences in advertising. Findings were mapped to the broader context of AI's role in shaping advertising strategies, consumer expectations, and regulatory frameworks. These insights form the foundation for a comprehensive understanding of AI's evolving role in the advertising industry.

## SECONDARY RESEARCH

### Research Method

The study employed secondary research to gather and analyse existing data from credible sources. The process involved reviewing industry reports, academic publications, market analyses, and regulatory documents to establish a foundational understanding of the subject.

Reputable online databases, government publications, and professional associations were key sources of information. The collected data was critically evaluated for relevance, accuracy, and timeliness to ensure its reliability in supporting the study's objectives. Additionally, comparative analysis was conducted to identify patterns, trends, and insights that informed the research findings.

# ACKNOWLEDGEMENTS

We would like to extend our gratitude to individuals and organisations, subject matter experts, and key individuals who greatly contributed to the research. A big thank you to Dipanjan Chaudhuri (Head of Industry Relations, Asia Pacific), Kunal Guha (Director, Privacy - Chrome & Android) and Kalyani Singh (Government Affairs and Public Policy Manager) for their insights on this project. We would also like to thank experts for submitting article contributions that will provide deeper insights into expert minds. The insights are aimed at helping us better understand the on-ground practical challenges and opportunities around AI, as well as the implementation of generative AI from the perspectives of multiple stakeholders.

## Interviews with

- **Abhishek Bhasin**

*Director, Marketing, MakeMyTrip*



- **Ari Levenfeld**

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## ● Tanuj Bhojwani

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# ABOUT THE TEAM



The Academy is the Advertising Standards Council of India's (ASCI) flagship program to build the capacity of all stakeholders in creating responsible and progressive advertising. ASCI Academy aims to raise standards of advertising content through training, education, outreach, and research on the preventive aspects of advertising self-regulation. Be it advertisers, agencies, industry bodies, educational institutions, consumer bodies, government, and research and insight organisations, all are joining hands to create a more responsible future! The Academy offers unique training, education, and advisory support to all stakeholders of the advertising ecosystem.

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## *parallel*

Parallel is a product design studio based in India, at the forefront of leveraging design to redefine everyday experiences for the last decade. They are dedicated to enhancing how individuals interact with technology, making it more intuitive and personalized.

They have helped several YC companies, Meta, Sarvam, UrbanPiper and more create experiences that make winning products. They have also done some very interesting work on designing. By understanding unique preferences and adapting to evolving needs, Parallel ensures that technology is not just a tool but a personalized companion.

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