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Significance Of Marketing Roi In Global Companies

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ABSTRACT:

A Ratio is a simple arithmetical expression of the relationship of one number. It may be defined as the indicated quotient of two mathematical expressions. According to Accountant's Handbook by Wixon, Kell and Bedfor, a ratio "is an expression of the quantitative relationship between two numbers" According to Kohler, a ratio is the relation, of the amount, a to another, b expressed as the ratio of a to b; a:b (a is to b); or as a simple fraction, integer, decimal, fraction or percentage." In simple language ratio is one number expressed in terms of another and can be worked out by dividing one number into the other.

OBJECTIVES OF THE PAPER:

The present paper aims to elevate the significance of Marketing ROI in the overall ROI of the Company in enhancing the market value of the firm. In this direction, Fortune 500 Companies marketing expenditure contributing to the value of ROI is analysed in selected sectors and presented by simple Statistical charts and diagrams

1. Consultant Companies keep doing deals and according to me, when there is a slowdown in capital, it is actually a better time to invest. Slowdowns are good. It's a part of the business cycle. And start-up investing is done with a 10-12 Year time horizon. When you invest in a start-up, you don't look at what the current environment is. You look at what the prospects of the company are, how good the founders are.

2. Betting on the founder means how committed they are, how capable they are, can they stay the course? When the company grows from 10 to 5,000 people, can they handle large teams? Can they attract enough talent? As a start-up typically has multiple founders, do they bring complementary skillsets to the table? Same is the case with profits and Marketing ROI.

People have seen enough ups and downs in the recent past. I think at least for the next few years, people will be more prudent and cautious. It will take some time for the momentum to build up to the point where it was in 2021. I don't think that it will come back immediately. It happens commonly in Marketing ROI.

A little bit of extra cash in the bank never hurts in uncertain times. We must also realize that the best valuation is not necessarily the highest valuation. When you raise money at a very high valuation. The investor comes with rights and has expectations.

Key Words:(I) Marketing ROI, (2) Global Companies (3) social media

INTRODUCTION

MEANING OF RATIO:

A Ratio is a simple arithmetical expression of the relationship of one number. It may be defined as the indicated quotient of two mathematical expressions. According to Accountant's Handbook by Wixon, Kell and Bedfor, a ratio "is an expression of the quantitative relationship between two numbers" According to Kohler, a ratio is the relation, of the amount, a to another, b expressed as the ratio of a to b; a:b (a is to b); or as a simple fraction, integer, decimal, fraction or percentage." In simple language ratio is one number expressed in terms of another and can be worked out by dividing one number into the other.

CLASSIFICATION OF RATIOS:

The use of ratio analysis is not confined to financial manager only. There are different parties interested in the ratio analysis for knowing the financial position of a firm for different purposes. In view of various users of ratios, there are many types of ratios which can be calculated from the information given in the financial statements. The particular purpose of the user determines the particular ratios that might be used for financial analysis.

A. Traditional Classification or Statement Ratios
B. Functional Classification
C. Significance Ratios

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Analysis of profitability or profitability Ratios

The Primary objective of a business undertaking is to earn profits. Profit earning is considered essential for the survival of the business. In the words of Lord Keynes, "Profit is the engine that drives the business enterprise". A business needs profits not only for its existence but also for expansion and diversification. The investor wants an adequate return on their investments, workers want higher wages, creditors want higher security for their interest and loan and so on. A business enterprise can discharge its obligations to the various to segments of the society only through earning of profits. Profit is, thus, a useful measure of overall efficiency of a business. Profit to the management are the test of efficiency and a measurement of control; to owners, a measure of worth of their investment; to the creditors, th3 margin of safety; to employees, a source of fringe; to employees, a source of fringe benefits; to Government, a measure of tax-paying capacity and the basis of legislative action; to customers, a hint to demand for better quality and price cuts; to an enterprise, less cumbersome source of finance for growth and existence and existence and finally to the country, profit are an index of economic progress profitability ratios are calculated to measure the overall efficiency of the business. Generally, profitability ratios are calculated either in relation to sales or in relation to investment or Capital employed.

Meaning of Return on Investment (ROI)

Return on shareholders' Investment, popularly known as ROI or return on shareholder/ Proprietor's funds is the relationship between net profits (after interest and tax) and the proprietor' funds.

$$\text{Return on Shareholders' Investment} = \frac{\text{Net Profit (after Interest \& Tax)}}{\text{Shareholders' Funds}}$$

The ratio is generally calculated as a percentage by multiplying the above with 100. The two basic components of this ratio are net profits and shareholders' funds. Include equity share capital, preference share capital, free reserves such as share premium, revenue reserve, capital reserve, retained earnings and surplus, less accumulated losses, if any. Net profit is visualised from the viewpoint of owners, i. e, shareholders. Thus, net profits are arrived at after deducting interest on long -term borrowing and income-tax, because those will be the only profits available for shareholders.

To sum up:

Shareholders' Investment = Equity Share Capital + Preference Share Capital + Reserves & Surplus

- (Accumulated losses, If any)

Net Profit = Net Profits after payment of interest and taxes

Interpretation and Significance of ROI:

This ratio is one of the most important ratios used for measuring the overall efficiency of a firm. As the primary objective of business is to maximise its earnings, this ratio indicates the extent to which this primary objective of business is being achieved. This ratio is of great importance to the present and prospective shareholders as well as the management of the company. As this ratio reveals how well the resources of a firm compared with the ratio, better are the results. The return on shareholders' investment should be determines whether the investments in the firm are attractive or not as the investors would like to invest only where the return is higher. Similarly, trend ratios can be calculated for a number of years to get an idea of the prosperity, growth or deterioration in the company's Profitability and efficiency.

PROFIT IS THE GOAL & ROI IS THE MEASURE

Shareholders expect the company to maximize profits so they can achieve the highest possible returns from their investments. The company maximizes profits by maximizing sales revenues, minimizing overhead expenses, maximizing gross margins, and managing its own investments to an appropriate level of risk and expected returns.

Let's face it, the ultimate purpose of marketing is to generate profitable sales, and it is to the benefit of shareholders, executives, and marketers to manage the budget as an investment. Consider that return on investment (ROI) is calculated for large capital expenditures and technology implementations where the profits from productivity and incremental sales are much more difficult to estimate and measure. Marketing, including the communications, advertising, sales, and distributions functions.

Companies must maximize profits over the long term and marketing investments must do the same. Goals are set by the company to provide common vision and purpose. Measurements are then aligned with the goals to track actual performance relative to the goals and to provide feedback that can help guide future decisions. While profits are necessary to stay in business and to satisfy shareholder expectations, executives must have a vision and purpose that goes beyond just profits to maintain the Company's success. Ultimately, their broad goals for quality customer satisfaction, new product development, and employee satisfaction should all lead back to sustaining and growing long-term profits.

With profits as the goal and the marketing budget managed as an investment, ROI must emerge as the primary marketing measurement. The advanced concepts around marketing ROI can provide significant financial control to corporate executives while also empowering marketing managers. The marketing ROI process can be used to provide a subjective view of long –debated issues such as the prioritization of retention versus acquisition marketing. Modelling criteria can be refined to drive more profitable analysis. Customer Relationship Management (CRM) strategies can be refined to improve profitability and companies that are not ready to adopt CRM can use Customer Pathing Concepts to manage customer profitability. The budgeting process can be streamlined and modified to truly deliver profit optimization. You 'll find no better way to tap into missed profit opportunities than to move farther down the path of marketing ROI measurements.

Are We Ready for Marketing ROI?

The tide is shifting toward greater accountability and stronger measurements for marketing. However, this trend is not being driven by marketing, where resistance still persists, or from the CEOs. Financial managers are looking more closely at how marketing budgets are being allocated. Chief information officers (CIOs) and information technology managers, drawn into the marketing process by sales force automation, CRM technologies, and electronic marketing channels are also increasing their involvement in marketing measurements. Overall, the typical champions for increased attention on marketing ROI tend to be senior managers who are analytical by nature, regardless of their job titles.

In 1990, Frederick Reichheld and Earl Sasser Jr. demonstrated the financial value of customer loyalty in their Harvard Business Review article that presented the frequently cite quote, "Companies can boost profits by almost 100% by retaining just 5% more of their customers." The economics of customer loyalty were subsequently detailed in Reichheld's book The Loyalty Effect. This potential to increase profits through better customer loyalty sparked the growth of CRM –a practice that is still making inroads into corporate business models today. The insight demonstrated through Reichheld's retention model is exactly what better measures of marketing ROI offer as a guide to more profitable decision making.

Recent research shows that marketing ROI is both a priority and a challenge for most companies. In Accenture's survey of marketing executives in the United Kingdom, 68 percent reported difficulty measuring the ROI of their marketing campaigns. This was determined to be the most severe challenge faced by marketers. Lacing information on customer profitability was also listed as a top challenge." James McQuivey of Forrester Research cites a combination of company culture and access to data as a key barrier to marketing ROI measures. Consumer – product companies have significant data – availability issues based on their distance from the consumer. One of the key needs is to apply more sophisticated segmentation practices that guide channel decisions toward improvements in customer value.

The Best-Practice Report Maximizing Marketing ROI prepared by the American Productivity and Quality Centre (APQC) in conjunction with the Advertising Research Foundation (ARF) presented the following findings:

- ❖ The pressure is on marketing to demonstrate a quantifiable return and on CEOs to deliver value to their stockholders and business alliance partners.
- ❖ ROI – based marketing is sought by, more marketers.
- ❖ ROI process works best with ongoing programs and interdisciplinary teams.

❖ ROI-based models encourage decision makers to challenge and revise the budgeting process.

❖ Leveraging suppliers adds competitive advantage.

Increasing the use of marketing ROI is only going to result in increased profits if the calculations are done properly. The term marketing ROI has been used to represent much more than profit generation, leading to a certain level of confusion. Yes, the word return could be construed to mean every benefit the company gains from the investment, including soft measures such as awareness and customer satisfaction, but ROI is a financial term in the business world where "return" represents a financial gain. The worst abusers of the ROI term are those who present return on investment based on revenue in place of profits. A number of E-mail marketing companies offer prospective customers ROI calculators that are based on revenue, which then show positive ROI for investments that would clearly be losing money. It could be an honest mistake that resulted from confusion in the marketplace since the mistake has been repeated by reputable marketing organizations. For those companies using ROI to sell their solution, intentionally using this inaccurate ROI calculation borders on scamming the customer.

Marketers who can embrace these key principles of marketing ROI have much to gain:-

❖ **ROI is the ultimate measure for guiding marketing investments.**

Many other measures provide tremendous insight and intelligence and are critical for making strategic and tactical marketing decisions. Decisions such as improving customer relationships and loyalty, maximizing customer lifetime value, increasing customer satisfaction, or decreasing acquisition costs cannot effectively guide each marketing investment and maximize profits without incorporating the ROI measure.

❖ **Marketing ROI is unique.** The standard ROI measure could not be simpler. It comes down to how much more money you end up with (your return) compared to what you invested. Unlike typical large capital investments, marketing investments are made up of many small investment decisions. This means that decisions are not just for selecting marketing programs but also for determining how each incremental dollar should be invested.

❖ **Marketing ROI must be a primary measure used by companies and organizations to remain competitive.** Applying these techniques to guide marketing investments and marketing strategies will benefit every organization. Each organization has a finite marketing budget and should apply these principles to generate the greatest return on its investment. Those organizations that have a greater purpose than maximizing profits, including non-profit companies and select for-profit companies, must still pay close attention to ROI to best guide investments that will ensure financial survival.

❖ **Marketing ROI is most beneficial with executive level involvement.** The benefits of ROI analysis and planning extend to all levels of a company; however, the major impact on profits can only come with a corporate level commitment. Company executives can improve profits by using ROI in the budget allocation process. They also can set expectations, define standards, and empower their marketing team to drive the right decisions on how marketing investments are made.

Marketing ROI - The next Wave for CRM

ROI - contributes to the advancement of CRM initiatives in the following ways:

- Spending limits can be established at the customer level based on projected value.
- The value of retaining incremental customers through customer-loyalty programs can be assessed and aligned with the appropriate level of investment.
- The ROI measure provides the necessary insight to balance retention and acquisition spending.
- Aggregated ROI analysis can be used to support greater integration between marketing programs using the Customer Pathing strategies.

CRM initiatives can support ROI measurements in the following ways

- Customer –based marketing strategies can be optimized by maximizing customer profitability.

- Modelling efforts to project CLV for targeting can also be used for ROI measurements.
- Marketing campaign history may be a valuable source for analysis that establishes benchmark values for select forms of marketing activities and customer behaviour.

Understanding the Key Challenges and Barriers:

Measuring ROI dies have its challenges as confirmed by the high percentage of marketing executives reporting difficulties in the Accenture survey. The major challenges that face companies working toward more accurate and useful ROI marketing measurements are:

❖ **Generating reliable future value projections.** Customer behaviour is not always predictable in the fast-changing markets of today, and marketers need to make quick decisions that do not allow time for tracking actual purchase behaviours. Some companies capture only immediate purchase value for their ROI analysis. More and more companies are developing some form of CLV but that may not always align with the measure necessary for an ROI analysis of a specific marketing investment.

❖ **Getting access to data.** The total value generated from a marketing investment could include immediate purchases, future purchases, future customer service expenses, retention rates, and referrals. Marketing organizations do not always have access to this information, leaving gaps in the analysis

❖ **Standardizing measurements, values, and practices.** Corporate standards for ROI calculations, values, and practices allow for greater accuracy and consistency between marketing groups across the organization. Without corporate standards in place, each marketing group is likely to create its own version of an ROI formula that best suits its needs and success criteria, without regard for maximizing corporate profits.

❖ **Establishing valid control groups.** Measuring the impact of marketing campaigns on behaviours and transactions requires a control group to serve as a comparison against the pattern of behaviours without the marketing campaign. Many marketing efforts such as those broadcasts in mass media make it impossible to establish valid control groups.

❖ **Matching results back to the appropriate marketing initiative in multichannel marketing environments.** Marketers rely on multiple contracts to generate sales, and customers rely on multiple channels for information, service and transactions. Measuring the ROI on s specific marketing investment within multichannel campaigns can be quite complex.

❖ **Allocating expenses.** Marketing expenses such as creative or development costs need to be captured but must not deter investment into development of new marketing programs and innovations.

❖ **Understanding residual value.** Those marketing investments that have an impact on the results of future marketing activities do not fit in the standard ROI measurement process. This value must be identified and understood to drive the best investment decisions.

❖ **Organizational barriers such as compensation structures.** The existing processes and internal culture include many barriers to the effective use of ROI measurements.

❖ **Total sum approach.** When calculating results, marketers tend to identify and assume profits that show up in other marketing programs or sales channels, without ensuring that those same results are not double –counted. The sum of individual campaign returns and investments should net fairly close to the total profits and budget when marketing ROI measurements are managed properly.

❖ **Rewards and recognition.** Compensation, recognition, and career advancement tend to motivate short-term gains over long-term gains and individually driven gains over collective corporate gains.

❖ **Lack of financial skills.** Marketing managers may be limited in their financial analysis capabilities and ROI is more sophisticated than most other marketing measures.

❖ **Truth in results.** Marketing managers risk losing credit for sales that actually result from previous marketing investments.

❖ **Risk of hard measures**. The performance of some individuals is based more on creativity or concepts than hard measurable numbers. This is not only a threat to the company's assessment of the individual, but also a threat to the individual's flexibility to maintain creativity as his or her primary objective.

❖ **Budget allocation power**. Executives and senior marketing managers will rely less on nonfinancial considerations in the budget – allocation process when the majority of marketing investments are associated with a projection for ROI. The shift in budgets tends to be associated with a shift in power.

❖ **Fear of change**. Some of the resistance will simply be associated with the fear of the unknown.

Return on investment (ROI) is a financial measurement. ROI analysis is used to assess and guide many different forms of corporate and personal investments. However, as mentioned in the previous chapter, ROI is frequently used incorrectly and inaccurately. Before getting into the specific ways ROI is customized for use in marketing, let's first establish a foundation of understanding around the ROI formula by starting with the vey basics.

This is the ROI formula in its most basic format:

$$ROI = \frac{\text{Return}}{\text{Investment}} = \frac{\text{Gross Margin – Marketing Investment}}{\text{Marketing Investment}}$$

ROI is presented in the form of a percent so that a positive number indicates a financial gain from the investment and a negative number indicates a financial loss. When the gross margin is equal to the marketing investment, the ROI is 0 percent and the investment is considered to be breakeven.

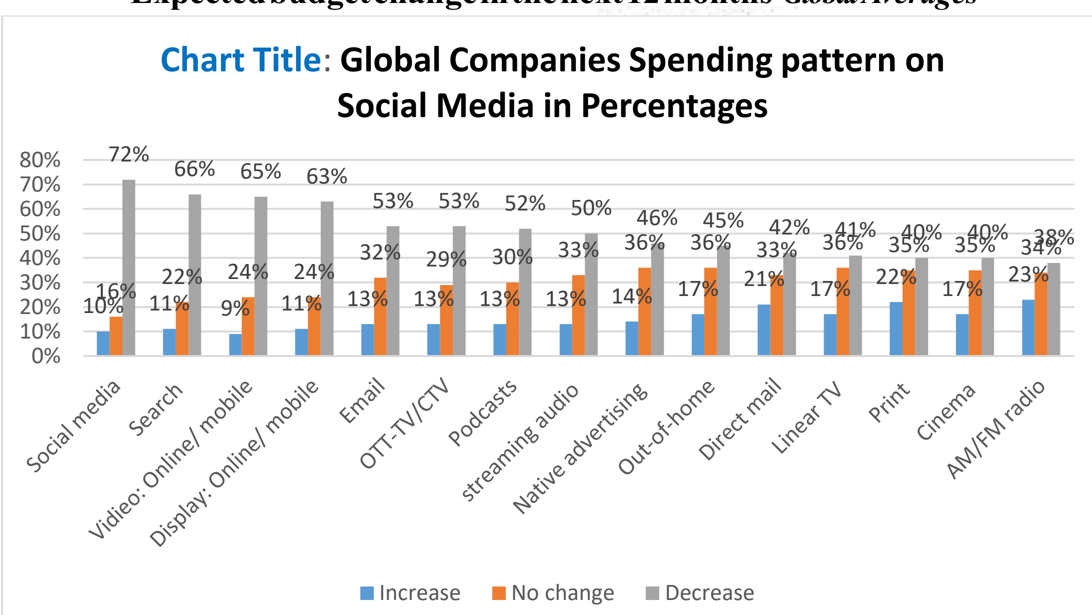
The marketing investment includes all of the expenses that are put at risk to market the product, service, or company. The return is all of the financial gain beyond the initial investment that is attributed to that investment. It basically represents the present value of the inflow of revenues and outflow of expenses that result directly from the investment made.

Globalmarketers plan to increase digital spend

On average, global marketers plan to dedicate 63% of their budgets to digital channels, with social media, search, and online video and digital display accounting for the largest increases. For context, last year's respondents said they allocated approximately half of their 2022 budgets to digital channels.

Global marketers expect to allocate more than63% of their ad budgets to digital channels in 2024.

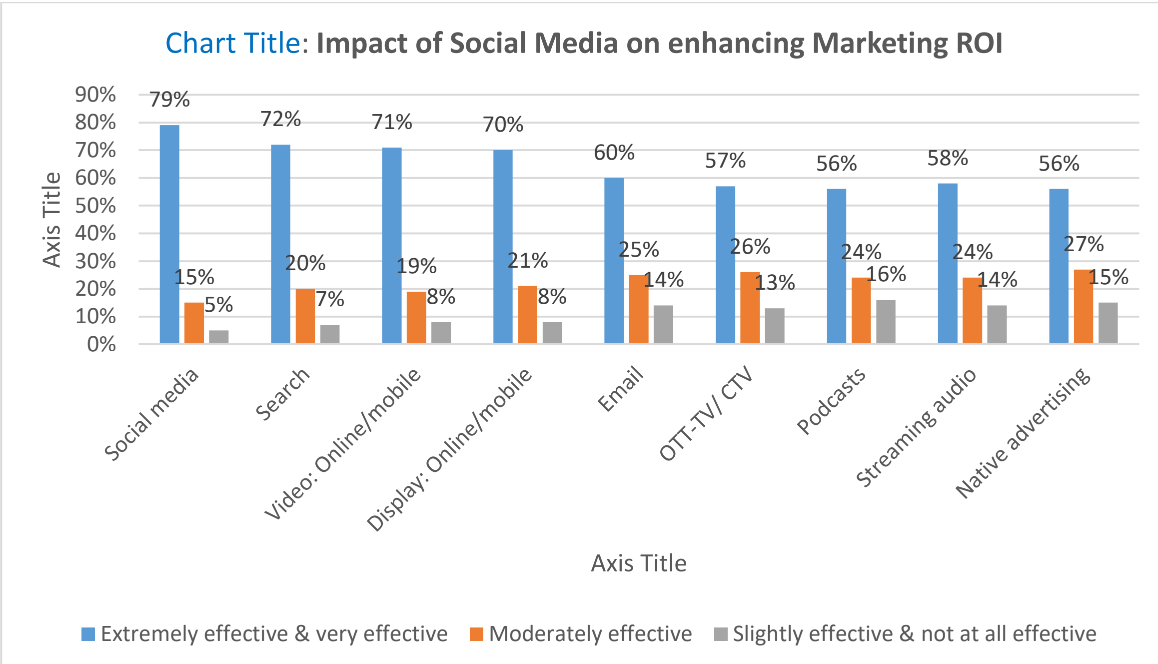
Expected budget change in the next 12 months ***Global Averages***



Read as: 72% of global marketers plan to increase their spending across social media channels.
Percentages may not sum to 100% because the chart does not include responses for "not applicable".
Source: 2024 Nielsen global Annual Marketer Survey.

Marketers are leaning in to digitals perceived effectiveness

In terms of media mix, marketers around the world remain committed to increasing their spending across select digital channels, attributing the continuing shift to higher perceived effectiveness



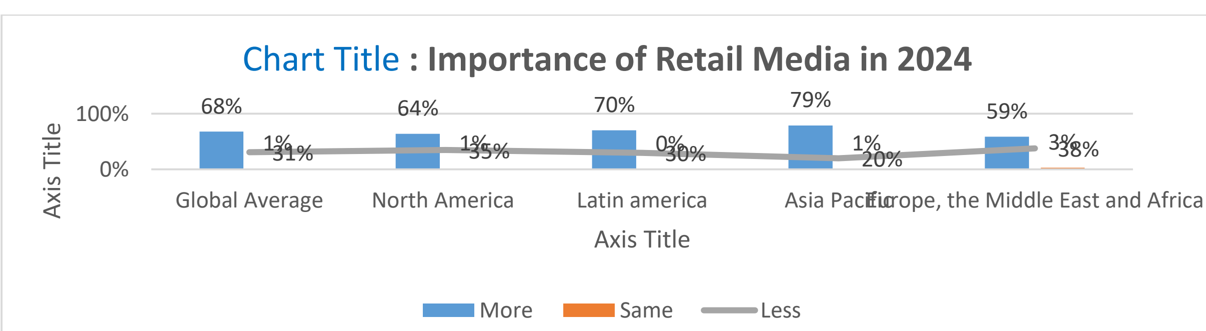
Read as: 79% of global marketers view social media as extremely/very effective.

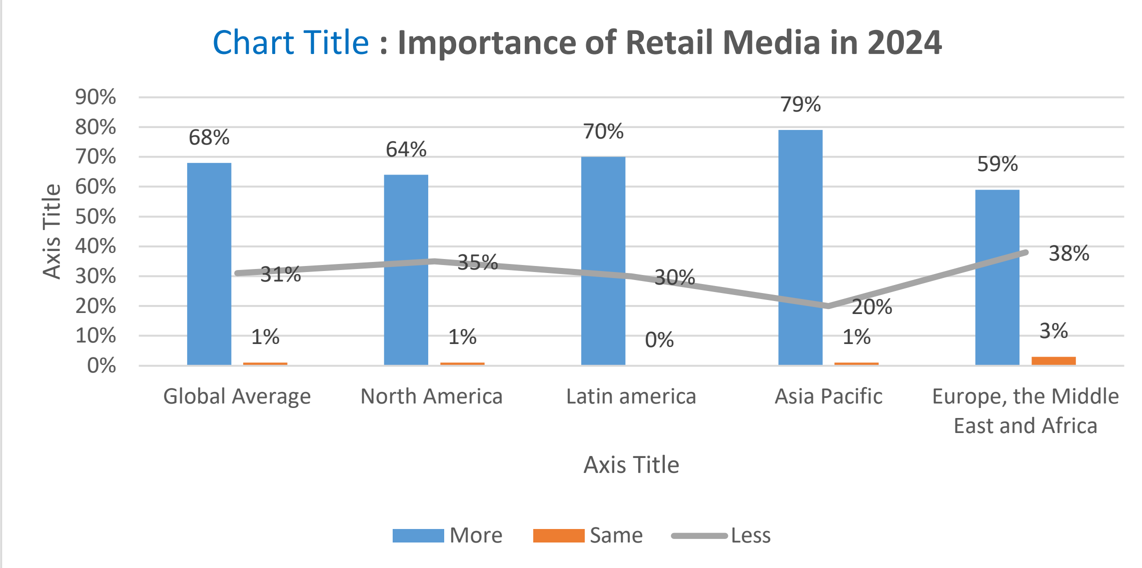
Percentages may not sum to 100% because the chart does not include responses for "not applicable".

Source: 2024 Nielsen Global Annual Marketer Survey

Global marketers plan to up Retail Media Networks investments

The planned increases in search and CTV follow a familiar trend in recent years, driven by perceived effectiveness and growing usage. More recently, the rise of retail media networks as a lucrative channel has marketers readily adding them to their media plans. In 2024, nearly 70% of global marketers say the importance of retail media in their planning is more important than it was a year ago. Industry ad spending forecasts for the year are similarly optimistic, as several leading media investment companies are predicting ad spend growth ranging from 4% to 7%1. They also expect retail media, search and CTV to drive the biggest increases.





Read as: 68% of global marketers say retail media is more important to their media strategies in 2024 than a year ago.

Source: 2024 Nielsen Global Annual Marketer Survey.

How social media and search spending measures up

The allure of digital media has clear merit. But in looking at marketers' top Objectives for the year Nielsen's outcomes data doesn't support some of marketers' Planned media allocations. Social media, for example, continues to garner the biggest marketing increases among global marketers. Over the past three years, the average ROI of social media spending has been 36% higher than the average ROI across all media. Our brand impact data also illustrates that 75% of people who are exposed to social media ads say the ads made them more likely to purchase, use or consider the brand. So, at a high level, the shift in spending makes sense. But results vary significantly across brands. The top 25% of brands from an ROI-generation perspective are 6x more successful than the bottom 25%. Comparatively, the average ROI of search, which is the second-most favored channel among marketers, has been 51% lower than the average ROI across all media over the past three years. There are always winners and losers, but the performance gaps here while not benchmarks are notable.

ROI Benchmarks aren't Brand-Level Blueprints

Brand variability is very important when considering ROI averages. That's because absolute ROI will include brand-level factors that aggregations will mute, including industry, market advertising budget and company size.

Marketing Mix Modeling is critical for understanding our media impact. MMM insights allow us to balance effectiveness and efficiency and scale those learnings across brands, tactics and Partners. By using detailed ROIs, response curves and saturation points, we can now make smarter, data-driven decisions to maximize returns. Anthony Jackel Director Consumer Analytics Ferrara

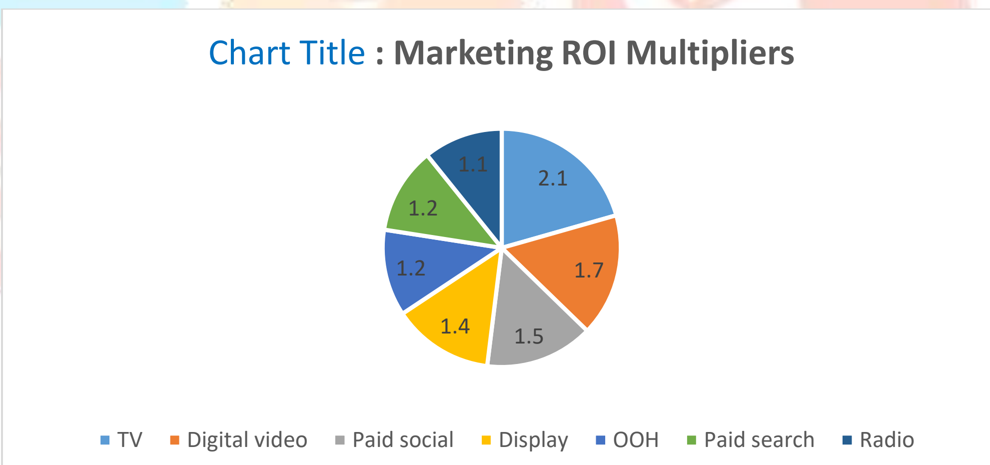
Brand building is critical for long-term ROI

In addition to helping stay top-of-mind with consumers, always-on upper-funnel Marketing is critical when marketers are focused on long-term and full-funnel ROI. The importance can't be understated, as Nielsen research has found that ongoing Marketing efforts account for 10%-35% of a brand's equity. And the ROI norms Database in Nielsen Compass highlights how the long-term impact of media can Even double the impact of media spend, particularly for channels like TV and Digital video. Brand building does more than just seed long-term sales. It also moderates the Cost of new customer acquisition. That's because short-term marketing strategies Trade future sales for near-term sales that are actually more costly to obtain.

Brand building is not just about making a brand visible. It's about embedding into the consumer consciousness. When coupled with performance marketing's immediacy, this dual approach hits Immediate sales targets while capturing market share, building market leaders and setting the foundation for a legacy of success. Adam Issel bacher SVP, Group Director, Research & Analytics UM Worldwide

Long-term ROI Multipliers

ROI Multipliers are an ad effectiveness KPI that captures the long-term effect of how media can emotionally prime consumers, over time, to have a higher propensity to buy and impact core sales.

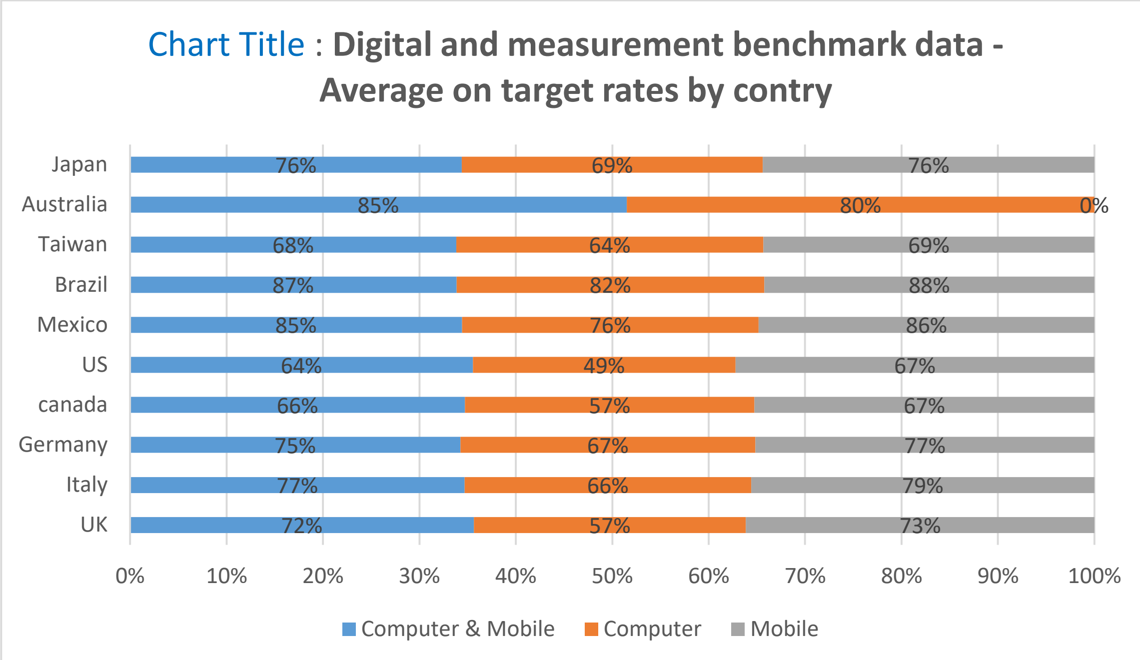


Source: Nielsen Compass

On-target reach for digital ads vary wildly by region

You can't engage with audiences you never reach. Compared with less fragmented times, however, reaching audiences today requires a much deeper understanding of how they engage with media, especially across digital channels. By looking at the nuances of each channel—in the context of how audiences actually engage with them—you're able to understand how they work together to achieve holistic campaign goals. The complexity of today's media landscape is on full display in Nielsen's 2023 Digital Ad Measurement Benchmark data, especially in North America, where the average on-target rate for digital ads is just 65% (64% in the U.S. and 66% in Canada). Averages are higher across Europe and highest in select countries in

Latin America. Across all markets, however, on-target rates are higher across mobile than desktop. Quality, person-level audience data can greatly improve marketers' efforts in reaching their intended audiences.



Averages include benchmarks for all impressions served through open web methodology and walled garden integrations.
Sources: Nielsen ONE Ads; Digital Ad Ratings

Assessing reach requires granular data

A key challenge marketer's face with respect to investing in CTV is the level of granularity needed to assess reach and performance. Reach, a top KPI among marketers in the quest for ROI, is far more complicated in CTV than linear TV because of the commingled nature of the platform and campaign IDs in measurement data. Through that lens, it's not surprising that only 31% of global marketers say they're very confident in measuring the ROI of their CTV investments.

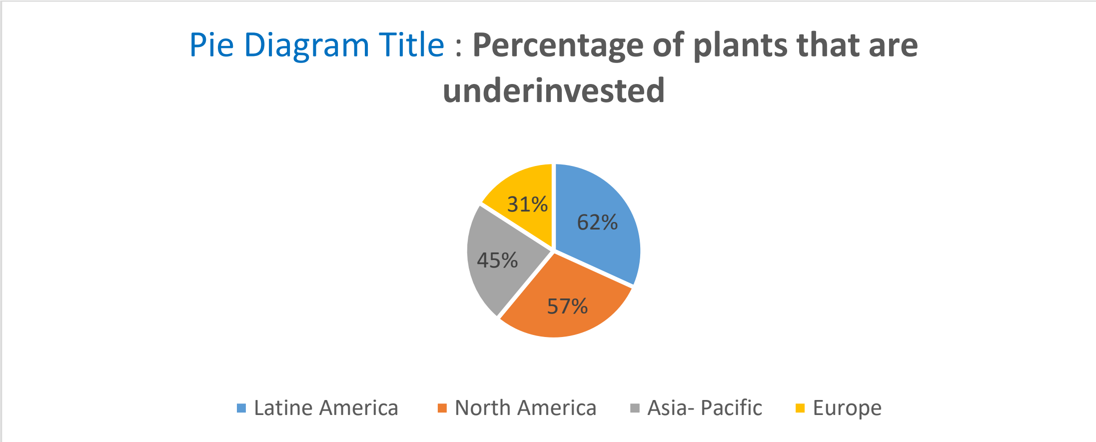
With a focus on understanding reach within CTV campaigns, Nielsen recently used Nielsen ONE Ads to conduct a categorization and coding initiative to separate the traditional network content delivered through an internet connection digital network TV6 content from the other online video. From there, we selected a sample of 230 campaigns at random to assess reach success levels. Only 31% of Global Marketers are very confident in measuring the ROI of their CTV Investments. Digital network TV content is traditional, linear programming that is made available through an internet connection.

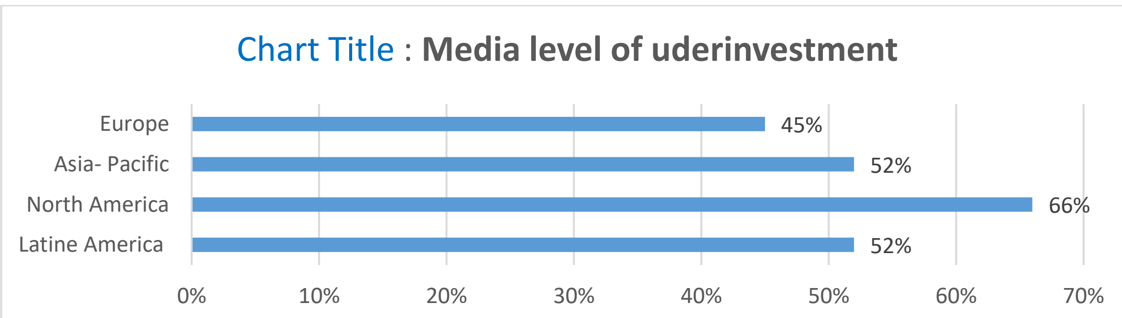
Underinvesting hurts - ROI Potential

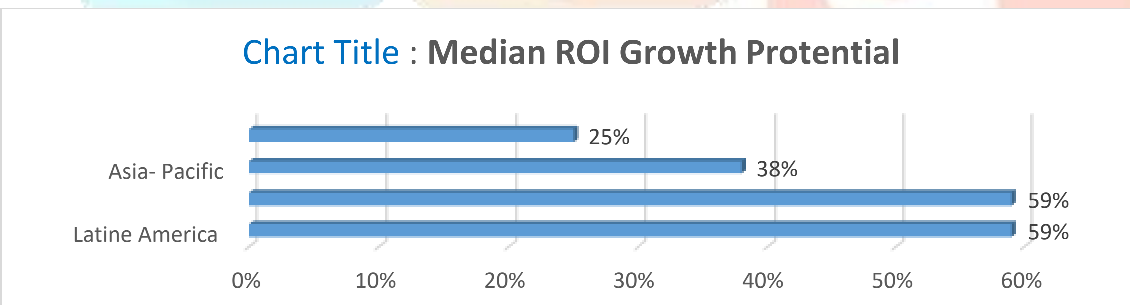
Scale is an important callout, as data from Nielsen's Predictive ROI (PROI) database has found that 50% of brands don't invest enough in media to achieve their maximum ROI. Across channels, brands under-invest the most on digital video (by 66%), followed by digital display (by 60%). Globally, underspending is highest in Latin America and lowest in Europe.

Underspending on media is rampant globally

Percentage of plans that are underinvested







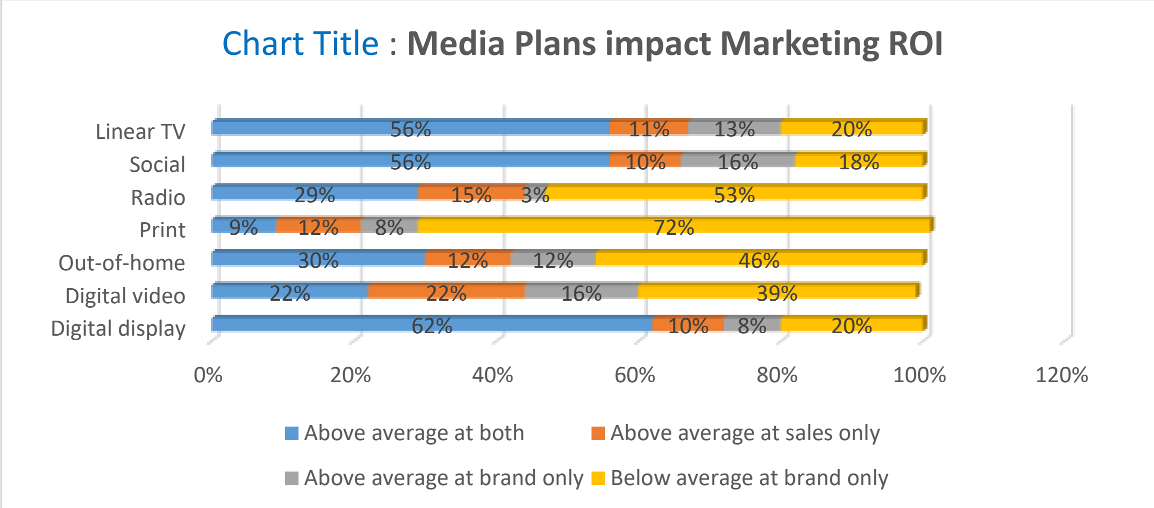
Source: Nielsen Predictive ROI Database, 2022

Nielsen Predictive ROI Database, 2022

Understanding channel effectiveness across objectives

While audiences are consuming media across multiple channels at once, very few channels are able to deliver on both short- and long-term goals. Globally, only 36% of channels perform above average for delivering both sales and brand building. This percentage varies by region, rising to 42% in Asia-Pacific and dropping to 20% in the Americas8. Only 36% of media Channels perform above average for delivering both sales and awareness. Like ROI benchmarks, channel effectiveness averages will vary at the brand level. Generally, however, digital display, social media and linear TV are stronger at delivering full-funnel effectiveness than other channels. Comparatively, print is least likely to deliver for brand and sales metrics.

Because channels may be strong for only one objective, advertisers should measure both brand building and sales impacts to understand how specific parts of your media plans drive value.



Read as: In 62% of cases, digital display ads deliver above average effectiveness for both brand and sales objectives. | Percentages may not sum to 100% because the chart does not include responses for "not applicable".
| Source: 2024 Nielsen Global Annual Marketer Survey.

CONCLUSIONS:

The best Valuation Need Not Be the Highest:

3. Consultant Companies keep doing deals and according to me, when there is a slowdown in capital, it is actually a better time to invest. Slowdowns are good. It's a part of the business cycle. And start-up investing is done with a 10-12 Year time horizon. When you invest in a start-up, you don't look at what the current environment is. You look at what the prospects of the company are, how good the founders are.

4. Betting on the founder means how committed they are, how capable they are, can they stay the course? When the company grows from 10 to 5,000 people, can they handle large teams? Can they attract enough talent? As a start-up typically has multiple founders, do they bring complementary skillsets to the table? Same is the case with profits and Marketing ROI.

People have seen enough ups and downs in the recent past. I think at least for the next few years, people will be more prudent and cautious. It will take some time for the momentum to build up to the point where it was in 2021. I don't think that it will come back immediately. It happens commonly in Marketing ROI.

A little bit of extra cash in the bank never hurts in uncertain times. We must also realize that the best valuation is not necessarily the highest valuation. When you raise money at a very high valuation. The investor comes with rights and has expectations.

5. I'd love to say India should build large language models. The truth is that the kind of computer power that you need to build foundational AI technologies is very large. That becomes a challenge. But India is rich in data. So, the question is what can we do with our data? Info Edge has been investing in AI start-ups. The Marketing ROI shall also increase.

6. The basic purpose of a business is to earn a profit. It's just that investors would earlier say, it's okay to make profit after five years or seven years. Now, the question is can you make profit in three years? So, the timeline has been unit economics. I think it will remain so for the next few years at least. This needs to be applied in the measurement of ROI. In companies, while measuring the ROI, each situation is unique. I can speak of the companies that we have invested in –Zomato and Policy bazaar – which went public. Yes, there was an ESOP (Employee Stock Ownership Plan) award to the founders and we supported it. We would not support a dilution of our own shareholding unless we believe it is for the good of the company.

7. In a competitive environment, founders had raised a lot of money and so their shareholding had been diluted to a point where we felt it was going to be a risk for all shareholders if the founders didn't have more skin in the game. As a result, the overall ROI of the Company will decline thereby affecting the marketing ROI.

SUGGESTION:

With this back drop, it is suggested that the Companies shall not only aim for overall profitability, Cost Control and Cost Reduction but also aim for possibly higher marketing ROI in each and every financial year.

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