



## **magicpin: Big is not Bad. But Local is Better**

magicpin was a discovery platform that enabled consumers to earn cashback and rewards at online and offline stores. By offering targeted promotions, it was able to drive business for local retailers and brand owners in a variety of sectors such as restaurants, groceries and fashion. magicpin was on a “mission to make hyperlocal magical” and was in the process of rolling out a new “phygital” service that could redefine consumers’ shopping experience. In April 2022, Anshoo Sharma, co-founder and Chief Executive Officer (CEO) of magicpin, was evaluating a proposal to adopt a manifesto that explained the purpose of the firm’s existence.

### Big Is Not Bad. But Local Is Better.

Big is a new player on the block. Local knows the ins and outs.  
From street sellers to hip cafes, from shopkeepers to SKUs,  
Local knows what’s new in store and what’s good on the menu.  
Local helps you discover the best scenes, the best fits, the best parties,  
The best places and people to get drunk with.  
Big wants likes. Local has got everything you like.  
Big makes a killing. Local is about savings.  
Big is T&Cs. Local is on your terms, on your side.  
Big is out of stock. Local will give you the right choice.  
Big is huge. Local is a community.  
Local is familiar. Local is fun.  
Local is where you’re welcome.

magicpin  
#ShopLocal

The phygital service would enable consumers to discover local outlets and find out whether the desired merchandise was available at a local store. For example, a consumer searching for a pair of shoes could browse through the catalogue of Bata or Crocs and check whether their preferred item and size were available in a local store. They could then pay for the shoes with their accumulated magicpoints, and pick up the product from the store or have it delivered home. The consumer could also select an item from an online catalogue and check the fit and the looks at a local store before buying the item via magicpin and picking it up from the store, all in a single seamless phygital experience.

In the coming months, more than 50 brands were scheduled to go live with these features. Anshoo wondered whether the risk of handling the integration for multiple retailers using varied information systems and multiple brands spanning a variety of sectors was

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considerably higher than the potential gains of not just a unique shopping experience for consumers but also a unique selling experience for retailers and a strengthened performance for brands. He also wondered whether the adoption of the manifesto would promote a clear understanding of the platform in the minds of consumers, employees, brands, retailers and delivery partners.

## THE FIRM

In 2015, Anshoo Sharma and Brij Bhushan founded Samast Technologies Private Limited – popularly known as magicpin – in Gurgaon, Haryana (see Exhibit 1 for details of the co-founders). In early 2015, during a visit to China as part of a delegation, Anshoo had observed ways in which technology was transforming retail businesses. Inspired by Chinese start-ups such as Meituan-Dianping, Anshoo decided to start his own venture. Anshoo and Brij had worked in consulting and investment firms, where they had studied the Indian retail market. They thought that large online and offline retailers could run loyalty programmes, whereas small retailers depended on their customer's loyalty but could not afford to offer loyalty rewards or run a loyalty programme. Due to the lack of customer purchase history, small retailers could not use data analytics in their marketing decisions. magicpin wanted to empower smaller businesses to understand their customers better<sup>1</sup>.

According to magicpin's website, as of July 2022, magicpin handled annual business of USD 1 billion through over 300,000 daily transactions made by more than 6 million users from 15 cities in India. The user base was growing significantly (Exhibit 2). Furthermore, the ratio of male users to female users was 55:45, a healthy ratio; the core user group was in the age bracket of 18–35 years; and the average active user time per day on the app was 27 minutes. The retailer base consisted of 1 million stores across 1,000 localities, and approximately 10,000 brands (retail brands, product brands, online brands) were active on the app.<sup>2</sup> magicpin's revenues were mainly in the form of voucher sales (Exhibit 3). The company reported an annual loss of INR 44.8 crore<sup>3</sup> on a revenue of INR 147.8 crore in FY 2020–21 (Exhibit 4). As of January 2022, the firm had raised a total funding of USD 104.8 million (Exhibit 5) and employed more than 700 employees.

magicpin was primarily a data and technology company that offered local intelligence and aimed to be a discovery platform for offline commerce. Its mission was to make hyperlocal magical by bringing together and building a community of users, merchants and brands. It enabled consumers to discover local businesses, browse product offerings in nearby stores, shop for products, and accumulate and redeem reward points. It enabled brands and retailers to influence customer purchases through targeted redemption of reward points for participating brands at specific stores. The platform offered actionable data insights and measurable Return on Investment (ROI) on marketing spends for offline retailers and brands. It aimed to replicate in offline commerce the type of performance marketing that Google Ads had pioneered in online retail. magicpin was incubated by Lightspeed, with a USD 3 million *Series A* round in 2015. Bejul Somaia, MD of Lightspeed Venture Partners, justified the investment as follows:

The two key drivers of the investment are the quality of the founders and the large opportunity in the hyper-local space. Their appreciation that deals alone

<sup>1</sup> magicpin. (n.d.). *About us* | magicpin. Retrieved January 19, 2022, from <https://magicpin.in/about-us/>

<sup>2</sup> magicpin. (n.d.). *magicpin for Brands*. Retrieved January 19, 2022, from <https://magicpin.in/brands/>

<sup>3</sup> 1 crore = 10 million; 1 USD = INR 73 in FY 2020–21

are unlikely to be a sustainable strategy to connect consumers with merchants is a step in the right direction. The quality of execution is ultimately a function of the team, which is world-class.<sup>4</sup>

## COMMUNITIES

magicpin was a multisided platform consisting of three communities: users, merchants/retailers and brands. Brands were further divided into two categories: retail and manufacturing.

### Users

Consumers could discover local businesses and earn reward points on purchases using the magicpin app. To avail themselves of the reward points, consumers had to scan and upload the purchase invoice, bill or receipt issued by the merchant for a transaction. If the merchant did not provide a bill or receipt for a purchase, consumers could still earn points by paying through Unified Payment Interface (UPI), debit card or credit card. A consumer received points for purchases in any store – online or offline, including stores that were not registered with magicpin – and for any payment mode, including cash transactions. Initially, it had been mandatory to upload a selfie together with the bill; however, later, this step was made optional. The accumulated points could be redeemed against exclusive vouchers or discounts offered by merchants and brands on the magicpin app. In addition to these discounts, users could access various other services such as wallets, magicpay, home delivery, games and group purchases. (See Exhibits 6 and 7 for more details on these offerings.)

magicpin also served as a social engagement platform for its users, primarily through posting of selfies. While the daily active time was 27 minutes on average for a user, it was up to 1 hour for a power user. magicpin not only helped a user find local deals and different outlets in a locality but also curated engaging content from influencers. magicpin influencers, called “magicians,” earned special privileges and rewards at influencer meetups. magicians helped retail outlets launch new collections by creating content, and they received vouchers in return.

magicpin marketed itself through advertisements on television, social media campaigns (see Exhibit 8), in-store displays informing customers that the store was accepting magicpin points and a referral programme. When a user referred a friend, the friend received 500 points on successful registration and the user received 100 points for the referral.

### Merchants

magicpin onboarded offline retailers in different categories such as food and beverage, fashion, restaurants, beauty, groceries, spas, yoga and gyms after identifying them through a web search or user-curated data present in bills and images on social streams. Uploaded bills provided information on the names of stores, their locations, their GSTIN<sup>5</sup> and other information that helped in creating a database. User-generated images such as selfies were also analysed to identify retailers who could be pitched to. In the case of certain hot-spot

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<sup>4</sup> Krishna, V. (n.d.). *Your local store can give you a multi-million valuation, learn from magicpin*. YourStory. Retrieved January 19, 2020, from <https://yourstory.com/2016/02/magicpin>

<sup>5</sup> The Goods and Services Tax Identification Number (GSTIN) was a 15-digit alphanumeric code that integrated all indirect business taxpayers under one platform.

locations, magicpin made cross-competition pitches to onboard prominent merchants by showing them that their local competitors were on the platform.

Merchants could be onboarded on a commission plan or a package plan. In the commission plan, there was no commitment from magicpin, whereas in the package plan, magicpin assured a specific amount of return in a specified time duration. magicpin floated vouchers of different values for partner merchants, driving footfall at their stores and generating additional revenue. magicpin helped merchants to create a loyalty scheme of their own in which they could engage with their customers using the merchant dashboard (Exhibit 9). In addition, merchants could use the platform for sales promotions by engaging with magicians to promote the product on their feeds. Moreover, magicpin served as a referral network as customers spread awareness of deals in their own network.

Additionally, merchants could choose to enrol in the Brands Privilege Program (Exhibit 10); in this programme, magicpin installed software on a retailer's point-of-sale (PoS) terminals to access sales data. This software would automatically upload the sales information to a magicpin server when the bill was printed on the PoS terminal. The software would detect all the partner brands in the bill and reward the merchant additional cash for each product sold.

magicpin segmented merchants into three types: (i) merchants who were listed on the platform but were not enrolled in any commission plan due to lack of interest from magicpin (users would, however, receive points for their purchases from these merchants); (ii) "earn" merchants, with whom consumers could earn points but not "burn" (redeem) points and who were probable leads for enrolment in a commission plan; and (iii) "burn" merchants, who were already enrolled in a commission plan and with whom consumers could redeem and earn points. The number of "burn" merchants was approximately five lakh<sup>6</sup>, which was approximately 15%–17% of the number of "earn" merchants constituting the market that magicpin wished to reach out to. Merchants went through four stages during their lifecycle with magicpin: Non-funded Merchant, Commission Plan, Package Plan and Package Renewal stages.

*Non-funded Merchant:* A non-funded merchant was a merchant who had not yet partnered with magicpin. When a user uploaded a bill for an outlet not listed in the magicpin app, the user was given an option to add the outlet and claim a reward.

*Commission Plan:* magicpin onboarded merchants on a commission model after a basic Know Your Customer (KYC) verification, including verification of bank details and GSTIN documents by a "Checker"<sup>7</sup>. Merchant acquisition was handled by a tele-calling centre of more than 200 callers ("Makers"), who were responsible for generating new leads to onboard merchants on the platform on a commission model. Field officers, engaged through outsourcing, helped the merchants get acquainted with the platform and its benefits. On average, 400 new merchants were acquired per day; most of these merchants were from certain localities, especially in the top four cities. The duration of the overall process was 5 days on average and decreased to 3–4 days over time. After the merchant was live on the platform, consumer-specific benefits for that merchant were increased, which led to an increase in the footfall and sales for that merchant. No commitment or promise was given to merchants when they were on the commission model.

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<sup>6</sup> 1 lakh = 100,000

<sup>7</sup>A checker was a tele-operator who verified all the KYC documents.

Initially, the merchants were charged a fixed fee of INR 999 or INR 299 to partner with magicpin. Later, to increase the lead conversion ratio, the fee was waived. Instead, the merchants were charged a commission on the total additional business that was redirected to the outlet by magicpin. The commission was 10% for categories such as fashion, and food and beverage; 5% for groceries; and 4% for electronics. Beauty salons typically operated on a very high margin; therefore, magicpin charged a commission of 15% for this category as it helped salons liquidate their unsold inventory and fill vacant slots. This commission was charged to the merchant through two types of transactions: voucher business and cash business tracked through uploaded bills.

*Package Plan:* Once the merchant was familiar with the commission model, the “Upsell-1 team”<sup>8</sup> pitched for a customised package, which promised the delivery of assured business to the merchant. This plan provided insights on the time for which the merchant would stay with magicpin. A pricing framework allowed the tele-team to determine the merchant's eligibility for different packages. For instance, if a merchant subscribed to a 5X package, magicpin assured the merchant an additional revenue that was at least five times the package fee. The pricing multiplier depended on the merchant's category (e.g., FMCG: 5X, Kirana: 9X or 10X). If the number of merchants in a particular locality reached a saturation point, newer packages in that locality were made costlier to create a locality-level balance. The call to conversion (from commission to package) ratio was approximately 8%.

If the merchant agreed, a field sales executive (a magicpin employee) visited the merchant to provide training on “Merchant panel software” and collected the fixed initial package amount for the agreed-on package plan as a full upfront payment or a partial payment. In the case of partial payment, the remaining amount was recovered from the business earnings; this option was preferred by merchants but involved a risk for magicpin. The merchant panel software allowed access to transaction data, including the commission and ledger entries, and was used for promotional activities such as sending an SMS to users, inviting selected users to a product launch or communicating special offers. The Package Plan offered other benefits such as the Group-Buy feature, magicpay and the Brands Privilege Program. The Group-Buy feature was available only to package merchants; others could buy it as a booster package for a short term. The Group-Buy feature was similar to the group purchase feature pioneered by the Chinese firm Pinduoduo (Exhibit 11). Every package merchant was assigned an account manager, who personally resolved all the merchant's queries.

Merchant paybacks were credited in their bank accounts on a rolling basis according to the merchant's preference. As of July 2022, of the more than three lakh merchants on the platform, more than 25,000 were on the package plan. If magicpin could not deliver the assured business, it would promote the merchant aggressively for three more months at no additional cost. After this grace period, if the platform failed to provide the promised ROI, it refunded the difference on a pro-rata basis.

*Package Renewal:* As the plan reached 60%–70% of the assured amount, it entered the renewal upgrade cycle, and the “Upsell-2 team”<sup>9</sup> approached merchants for a package renewal with the same value or a higher value, based on the system pricing logic. The likelihood of an upgrade was high because the merchant was familiar with the system and had faith in the magicpin platform. The Upsell-2 team had different account managers; these managers built

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<sup>8</sup> The “Upsell-1 team” was a team of tele-callers who approached a merchant for upgrading the plan from a commission plan to a package plan.

<sup>9</sup> The “Upsell-2 team” was a team of tele-sellers who handled package renewals.



a relationship and a rapport with the merchants, which came in handy during their next renewal or upgrade. After the renewal of a package, one of the package managers was assigned to handle all the services and further renewals for the merchant. If a merchant did not wish to renew the package, they were churned out of the system. Reasons for the churn included dissatisfaction with the pace of delivery and gaps in understanding the magicpin offer due to the complexity involved.

## Brands

The brands business consisted of three categories: (i) Retail brands, (ii) Manufacturing brands and (iii) Online brands. The value proposition for brands involved generating brand awareness, designing hyperlocal engagement (engagement with the right target group), and driving commerce and consumer insights.

Brands were important as they offered high discounts to users, sometimes as much as 50%; such discounts attracted users who then continued shopping at various offline retailers, thereby increasing sales for partner merchants, which in turn resulted in an increase in merchant enrolment on a commission plan based on cross-competition. magicpin's pitch to brands was handled by the national sales team. This team, headed by the national sales head, included sales representatives for different cities. The team was headquartered in Bangalore and pitched to the CMOs (Chief Marketing Officers). The brand's sales cycle was 3–4 months as multiple rounds of presentations and discussions were required for finalising legal agreements. Brands were interested in features related to the pricing and consumer promotions offered by the magicpin platform. For trade promotions, brands had existing teams and processes that had been honed over decades.

Brands recognised the platform's potential, but they pushed back on the need for depth of data, which could represent a substantial portion of their business across the nation. magicpin provided data in the form of visual charts on a dashboard (Exhibit 12), which enabled brands to compare sales figures in Relative Market Share (RMS; sales and market share information) on a real-time basis. The dashboard showed micro-market insights into gainers and losers, updated every minute. The raw data was not shared with brands. Although brands could not customise the dashboard according to their requirements, they could use filters to analyse the data. The dashboard provided the following data about the brand: market share of the brand and its competitors; outlets selling the brand; outlets not selling the brand; category-wise sales; outlet-wise sales; customer loyalty; sales timings in terms of the day, week, month or season; and gender distribution of customers. The granularity of real-time data at the micro-market level differentiated magicpin from established service providers such as Nielsen in the data and market measurement businesses. Manufacturing brands continued to hesitate to participate on magicpin as the value proposition offered by this new platform was difficult to grasp and could disrupt existing channel partnerships. The reluctance of manufacturing brands constrained the brand-side growth of the magicpin platform.

In addition to offering actionable insights on hyperlocal markets, magicpin provided brands with a direct communication channel with end users, which could be used for targeted marketing communication and for targeted promotions to retailers. Brands could also gauge the availability of specific stock-keeping units (SKUs) across offline stores in comparison with that of competitors. Exhibit 13 consists of case studies describing how brands partnered with magicpin to achieve various objectives such as increasing brand awareness and engagement, and increasing customer acquisition and retention. Brands could measure the impact of

promotions and determine their marketing ROI, which was otherwise difficult to measure offline.

Brands could opt for an initial marketing campaign through which they understood the nuances of the magicpin platform and achieved an increase in sales in chosen markets. A brand paid an initial marketing fee of 5%; if it gained traction through the magicpin platform, the subsequent fee was higher and could differ for brands in different sectors. Furthermore, magicpin charged a fixed marketing fee, which ranged from 5% to 30%, and the ROI delivered varied from 3X to 20X. The initial marketing fee started at a slab of 5% and increased with an assured promise of business. It also included access to a market insights dashboard for the CMO. When a brand agreed to partner with magicpin, merchants could buy discount vouchers from the brand and resell these vouchers through the magicpin app to consumers in order to attract footfall. A portion of the discount that magicpin received from brands was passed on to customers in the form of reward points. In addition, magicpin could, in certain situations, charge a consumer an additional fee for buying vouchers. For example, for a voucher "INR 250 off on a minimum purchase of INR 750," for which the commission was 50%, magicpin would run it as a "50% cash in" promotion, enabling the customer to buy this voucher with 125 points and INR 125 in cash. magicpin would pass on cash payments of INR 125 by the consumer to the merchant. Technically, this promotion was on a no-profit-no-loss basis.

When magicpin was launched in a new city, the company first created and published blog posts on the city and its culture. They acquired influencers<sup>10</sup>, called magicians, to create awareness of the platform on social media and arranged meetups for magicians to reward them with vouchers for their work in enhancing the awareness of magicpin in the city. Influencers created engaging content and influenced their followers to join the community and to build a friend network on magicpin. The initial set of users in a city received higher reward points on every bill uploaded; thus, they accumulated a large number of reward points before merchants were added. Next, magicpin would identify big merchants, preferably in the food and beverage, and fashion categories, and onboard the merchants to appeal to the target group. As users started uploading bills, their community cycle would be initiated. The brands were the last to be introduced in a city.

As magicpin grew, the number of users and merchants increased, and so did the number of people trying to test the platform in order to identify vulnerabilities. Frauds were possible at two levels: user-level frauds and merchant-level frauds. At the user level, sometimes, multiple bills were uploaded from the same outlet by an employee of the outlet or delivery personnel, and at other times, the same bill was uploaded by multiple users who visited the outlet together. magicpin refined its practices to prevent these frauds. The updated practices included checking whether the phone used to upload the bill had been in the proximity of the outlet; restricting the uploading of bills to one bill per day for a specific outlet for a particular user; and automatically rejecting a bill upload if the bill had been uploaded multiple times by different users.

Merchant-level frauds included cases in which an employee provided the details of a personal bank account during registration and withdrew the amount credited by magicpin without informing the owner. Such situations created friction between the owner and the magicpin representative. To prevent such frauds, a mandatory two-step KYC verification system was implemented in the onboarding process, in addition to enabling only OTP-based withdrawals

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<sup>10</sup> Influencers could be local celebrities or common people who were popular on social media.

from the merchant account. A few fake stores were detected on the magicpin platform; these stores had no physical presence and were being used to manipulate the platform and earn money through fake transactions. The stringent KYC verification system helped in preventing such fraud.

### *Performance Marketing*

magicpin was a performance marketing platform (see Exhibit 14 for details on Performance Marketing) that offered differentiated services to merchants and brands. Payments by brands and merchants were not based on metrics such as impressions or click-throughs but were based on consumer purchases. magicpin generated an anonymised purchase profile of consumer segments to help merchants and brands reach the desired target segment. It stimulated consumers' purchase intent by means of various offers, vouchers, mobile coupons and reward points to increase the sales of merchant partners and achieve the promised ROIs. To connect brands, merchants and products to consumers, magicpin used approaches such as blog posts on the latest trends, new offers or products, email/SMS marketing, influencer meetups, and videos or banner advertisements. These creative methods helped in boosting the overall sales of brands and merchants. Banner ads were customised based on consumer interests, locality or past purchases to promote the coupons on the discovery and redeem page. Advertisers could create ads, banners or coupons for specific consumer segments, for specific products, or for a specific time such as festive periods or events such as a new product launch.

The focus on *actual* consumer purchases distinguished magicpin from online giants such as Google Ads and credit card reward aggregators such as CRED<sup>11</sup>, who delivered customers that were *likely* to click or purchase. The consumer segments of magicpin were significantly broader than those of CRED, which focussed on credit card users with high credit ratings.

## **STRENGTHENING #ShopLocal WITH THE "PHYGITAL" EXPERIENCE**

Due to the COVID-19 pandemic and the related sudden lockdown in India in March 2020, all offline stores had to be completely closed, except for those offering essential services. Although lockdowns negatively affected magicpin, the company viewed the situation as an opportunity. It introduced innovative offerings for users, which helped merchants and brands generate sales during the lockdown. As consumers could not go out to shop, magicpin brought offline stores to them through the magicpin app and started to offer the option of home delivery. magicpin digitised the catalogue of offline stores, including information on current offers and pricing. It first took up digitisation of the food, grocery and pharmacy segments, as they were essential services required during the lockdown. By February 2022, more than 200,000 retailers were live on the platform.

magicpin realised that although the option of home delivery was specifically designed for the lockdown period, it could be refined to offer value to consumers when the lockdown was lifted and the situation normalised. The company envisaged the possibility of consumers being able to use the magicpin app to browse through the inventory of local stores and then either picking up the item from a store or having it delivered home. This would save time and

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<sup>11</sup> CRED was a Bangalore-based fintech company founded in 2018. It was a members-only credit card bill payment platform that rewarded its members for clearing their credit card bills on time. CRED provided access to exclusive rewards and experiences from premier brands to their members. A credit card holder needed a credit score higher than 750 to enrol on the platform. By 2021, more than 5.9 million users had enrolled on CRED.



effort for the consumers as it would prevent the situation of a consumer selecting a product only to realise later that it was not available at a nearby outlet. magicpin created a discovery option, which could be used to search for a product or store. When the consumer searched for a product, the app would show a list of nearby stores where the searched product was available. The consumer could then have the product delivered to their home or pick it up from the store. Store pickups would lead to increased footfall in the retail store and could result in additional sales for the retailer if the consumer was tempted to pick up other items during the store visit.

Every merchant that offered a printed receipt to the consumer was eligible to enrol in the home-delivery scheme. To enable online orders through the magicpin app, retailers had to create a detailed catalogue. The only IT infrastructure needed was a basic PoS software system and a bill-printing machine. magicpin designed a system to track the SKU-wise real-time inventory of stores. First, an integration with the software installed in the bill-printing machines at the retailers' stores helped magicpin obtain the offline sales data. Second, partner brands provided store-wise stock information to magicpin, and this information was combined with the sales flow information on the application. To further decrease the possibility of stock-outs due to a mismatch between stock information in the real world and that in the digital world, magicpin set the stock availability on its app at a lower level than that reported by the retailer system.

To scale up the number of brands available for home delivery, magicpin approached brand-integration partners who could help in the integration with multiple brands. They also approached dark-store and warehouse partners in multiple cities to integrate them into the home-delivery scheme. magicpin wanted to deliver a product to a consumer within 30 to 60 minutes, depending on the proximity of the store to the delivery address. The IT systems of delivery players such as Dunzo and Zomato were integrated into the magicpin app, so that magicpin could check the availability of riders in micro-markets and allocate home deliveries based on real-time rider availability and costs. Thus, the magicpin platform was serving four distinct sides: consumers, retailers, brands and riders.

Although consumers could order products from any e-commerce platform, the use of magicpin would be beneficial for them as they could utilise the magicpoints accumulated in their accounts. Customers who wanted to check the look and feel or the fit of a product could locate a nearby store that had a stock of the desired product, visit the physical store and check the product, and then buy it through the magicpin app by using magicpoints and take delivery. This seamless stitching of the physical and the digital shopping experience (frequently referred to as "phygital") had the potential to revolutionise the shopping experience. Partnered merchants could boost sales by launching flash sales live on the magicpin app. In the case of home delivery, magicpin was designing a capability for customers to track orders in real time. Although such real-time tracking of home delivery was the norm for food delivery, it was novel for other categories such as groceries or fashion products ordered from local *kirana*<sup>12</sup> stores. In the case of home delivery, no minimum transaction value was required, but users were charged a basic delivery fee, which could be waived off for purchases above a certain transaction value.

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<sup>12</sup> Neighbourhood mom-and-pop stores

## BRAND POSITIONING

magicpin had always focussed on serving local retailers, but the management thought that there was a need to clearly articulate how magicpin was different from other e-commerce platforms. Ankit Kumar, AVP, Brand and Marketing, stated:

There is a disruption in the way people are ordering as consumers have shifted online. The fundamental tension in e-commerce is that small retailers and shop owners have been left behind in this journey. They would love to sell online but do not have the digital marketing skills or the money to spend on social media marketing or the money to pay logistics costs when orders are fulfilled by e-commerce platforms or the time to upload inventory details on the platforms. magicpin helps these retailers by digitising their catalogues and helping them get discovered by their local clientele. They need not pay upfront money for advertising but pay based on performance, thereby decreasing their customer acquisition costs. magicpin is not against being big in online retailing, it wants to be big in terms of the number of localities covered, but its focus first and foremost is on strengthening the local communities.

The proposed manifesto was developed by Ankit Kumar, Abhinav Raj (Creative Director) and the teams working with them. For Ankit, the manifesto was a way of clearly and concisely articulating what the brand stood for, to external and internal audiences. (See Exhibit 15 for an advertisement released in December 2021.) The ad used a combination of English and Hindi to contrast the experience of shopping from local outlets with the experience of shopping online, and expressed the sentiment that the real feeling of shopping was experienced in physical shops. The brand positioning exercise started with the need to have a purpose for the brand. The positioning of "Local" was very clear to the founders and the leadership teams, but the manifesto helped articulate it better. The first step in the process was the identification of a strategic tension point, which was then further developed over a week in April 2022. The manifesto was placed before Anshoo and the leadership team for their concurrence. Anshoo stated:

Local is magical; it's where you see familiar faces and undiscovered places. It is a community where you are always welcome and you meet people from all walks of life. That is the true feeling that we wanted our brand positioning to communicate. With this manifesto, we have articulated our *raison d'être* very clearly.

## THE ROAD AHEAD

Anshoo was well aware that the ability to drive consumers to stores and brands was central to the magicpin business model. However, the success of the business model inherently depended on the ability of magicpin to attract consumers to its platform. Would the phygital shopping experience enable magicpin to deliver on its mission "to make hyperlocal magical," driving consumer adoption of the platform and, more importantly, changing consumers' shopping behaviour and habits? Could magicpin utilise the promise of omnichannel marketing to drive more value for local retailers and brands? Could store pickup by consumers be the tool to drive more traffic to local stores and strengthen the local community? Could real-time information about stock availability at local stores help direct traffic in pharmaceutical sales, which were reliant on doctor prescriptions? How could magicpin ensure professionalism and practices at varied retailers so that physical store and digital

inventory records matched in real time? A broken consumer experience could negatively impact the magicpin brand, whereas a seamless experience of merged online and offline shopping could be a game changer. Could magicpin reimagine group buying in a hyperlocal phygital context? Anshoo was excited as magicpin was about to pivot to a new phase in its mission to make hyperlocal magical.

**Exhibit 1: Founders****Anshoo Sharma:**

Anshoo Sharma was the CEO (Chief Executive Officer) and co-founder of magicpin. He had 13 years of professional experience in investing, consulting and tech roles across India and the USA. Prior to founding magicpin, he had worked for approximately 6 years at Lightspeed—he had been the second person to join Lightspeed's India team, and had led or been actively involved with nine investments. Previously, Anshoo had worked at Bain & Company for 4 years—he had joined Bain in Boston, and had then been a part of Bain's early team in India, advising clients across consumer, tech and financial services sectors. He had graduated from the Indian Institute of Management Ahmedabad in 2006. Before that, he had held roles in product and technology for 3 years at Motorola and Hughes Software (Aricent) after the completion of his computer engineering degree from Delhi University.

**Brij Bhushan:**

Brij Bhushan was the COO (Chief Operating Officer) and co-founder of magicpin. Brij had graduated from the Indian Institute of Management Bangalore in 2007. He had worked for approximately 4 years at Bain & Co in India and the USA. He had spent several years of his professional life in the start-up ecosystem. He acted as an investor and leader in the initial stage of start-ups with Nexus Venture Partners.

**Source:** Website of magicpin

**Exhibit 2: Community Growth**

Year	Consumers	Merchants	Brands	Cities launched
2016	66,257	210	NA	NA
2017	226,060	2,472	NA	NA
2018	780,257	19,822	NA	14
2019	1,647,781	47,341	35	31
2020	3,192,291	128,581	213	46
2021	1,076,427	204,967	287	68
2022	3,750,124	231,719	323	80

Note. NA: Data not available

**Source:** Company data

**Exhibit 3: Operational Revenue (INR lakh)**

Revenue from Operations	2016	2017	2018	2019	2020	2021
Marketing and Commission	10.96	101.36	190.93	1,352.10	2,122.63	630.24
Voucher Sales	-	-	1,461.78	6,333.87	18,410.67	13,985.11
Total	10.96	101.36	1,652.71	7,685.97	20,533.30	14,615.36

**Source:** Report from the Ministry of Corporate Affairs (MCA)

**Exhibit 4: Profit and Loss Statement (INR lakh)**

Year Ended	March 2016	March 2017	March 2018	March 2019	March 2020	March 2021
Accounting Period	11 months	12 months	12 months	12 months	12 months	12 months
Total Income	85	183	1,900	8,272	21,086	14,789
Revenue from Operations (Net)	10	101	1,653	7,686	20,534	14,615
Revenue from Sale of Products						
Revenue from Sale of Services	10	101	1,653	7,686	20,534	14,615
Other Operating Revenue						
Less: Indirect Taxes						
Other Income	75	82	247	586	552	174
Total Expenses	781	1,713	4,883	13,383	30,502	19,176
Cost of Material Consumed						
Purchase of Traded Goods						
Changes in Inventories of FG, WIP and SIT						
Employee Benefit Expense	383	930	1,497	2,743	5,574	3,527
Finance Cost			21	92	70	22
Depreciation & Amortisation	5	13	19	17	39	40
Other Expenses	393	770	3,346	10,531	24,819	15,587
Total Profit Before Prior Period Items, Exceptional Items, Extraordinary Items and Tax	-696	-1,530	-2,799	-5,109	-9,416	-4,387
Prior Period Items Before Tax			92	1	1	4
Exceptional Items Before Tax						
Total Profit Before Extraordinary Items and Tax	-696	-1,530	-2,891	-5,110	-9,415	-4,383
Extraordinary Items Before Tax						
Total Profit Before Tax	-696	-1,530	-2,891	-5,110	-9,415	-4,383
Tax Expense	1	-1				
Current Tax						
Deferred Tax	1	-1				
Total Profit (Loss) for Period from Continuing Operations	-697	-1,529	-2,891	-5,110	-9,415	-4,383
Total Profit (Loss) for Period from Discontinuing Operations						
Total Profit (Loss) for Period	-697	-1,529	-2,891	-5,110	-9,415	-4,383

**Source:** Report from the Ministry of Corporate Affairs (MCA)



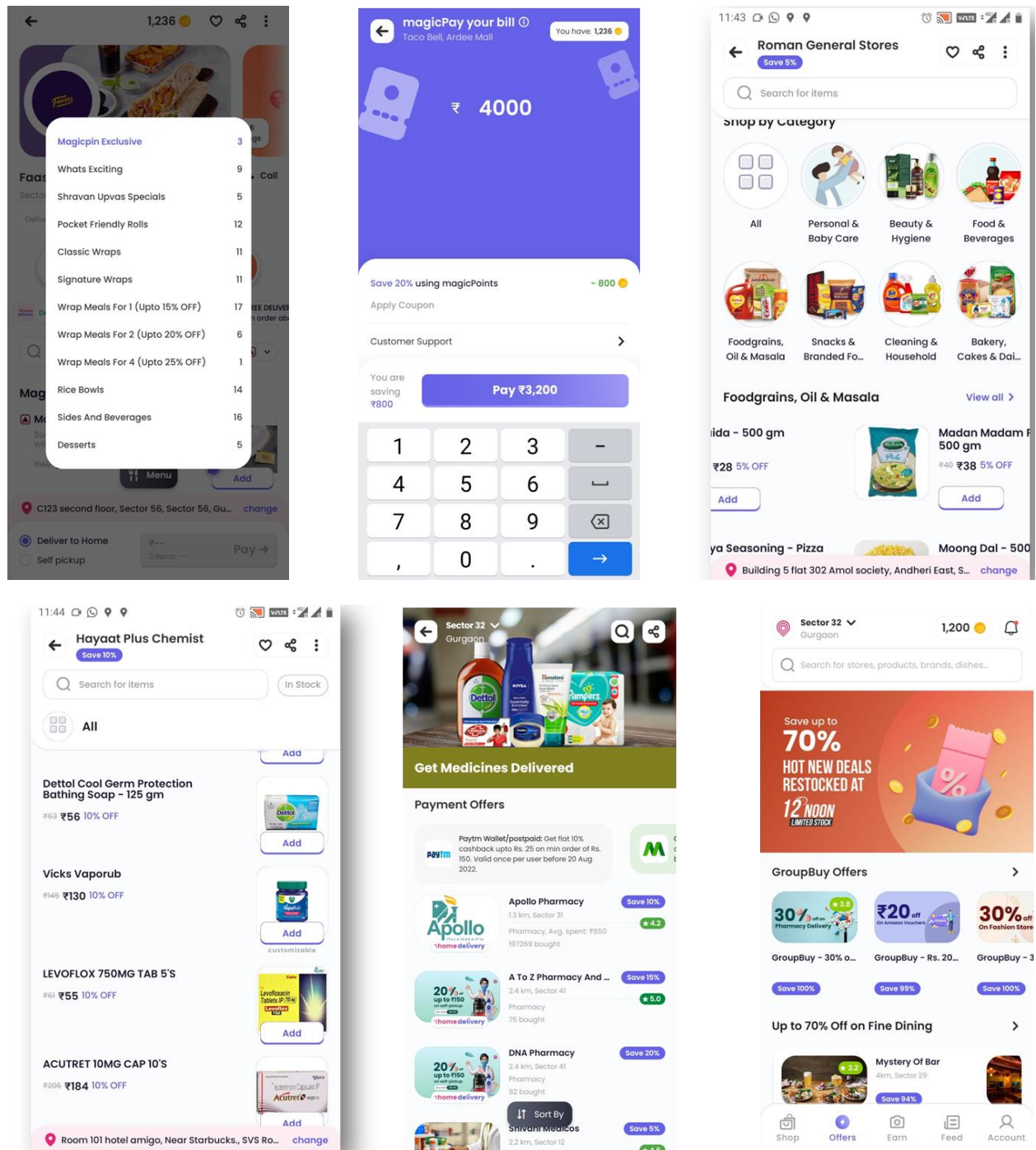
**Exhibit 5: Funding Rounds**

Number of funding rounds: 9 (2 early stage, 5 late stage and 2 venture debt)  
 Total funding amount: USD 104.8 million  
 Number of lead investors: 6  
 Number of investors: 14

<b>Announced Date</b>	<b>Transaction Name</b>	<b>Number of Investors</b>	<b>Money Raised (USD million)</b>	<b>Lead Investors</b>
Nov 10, 2021	Series D	2	60	Zomato
Aug 30, 2021	Venture Round	4	3	
Jul 15, 2020	Series D	3	7	Samsung Venture Investment
May 13, 2020	Series C	5	3.8	Lightspeed Venture Partners
Nov 23, 2018	Series C	6	20	Lightspeed India Partners
Mar 6, 2018	Debt Financing	1	1.02	Trifecta Capital
May 31, 2017	Series B	8	7.32	Lightspeed Venture Partners
May 11, 2016	Non-Equity Assistance	1	0.050	Google Launchpad Accelerator
Feb 22, 2016	Series A	1	3	Lightspeed Venture Partners
<b>Total Funding</b>			<b>104.8</b>	

**Source:** magicpin on Crunchbase. Retrieved January 19, 2022, from  
[https://www.crunchbase.com/organization/magicpin/company\\_financials](https://www.crunchbase.com/organization/magicpin/company_financials)

## Exhibit 6: App Experience for Customer/User



Source: magicpin app for users

### Exhibit 7: Features

*Discovery Platform:* A user could search for nearby outlets in different categories such as groceries and pharmacy. The app would show all the outlets, including non-partner outlets, and their user ratings, address and other essential details.

*magicpin Points (Reward Points):* A user could upload bills from online or offline stores and earn magic points for each bill. The user received points equal to 10% of the bill amount, which was capped (e.g., "earn 10%, up to 30") depending on the merchant type.

*magic Recharge:* magicpin offered vouchers for recharging prepaid mobile plans or postpaid phone bills. These vouchers allowed the user to use 10% of the magic points for discounts.

*magicpay (Wallet):* A user could use the magicpay wallet to make a payment at any partner outlet. A portion of the payment (5%, 10%, etc.) could be made using reward points and the remaining amount could be paid through different modes such as internet banking, UPI or cards. Thus, it could be used as a standard virtual wallet, with an additional benefit of earning reward points for every payment made through magicpay.

*magicorder (Home Delivery):* A user could order products from the listed stores under magicorder, opt for pickup or home delivery, and make the payment using the magicpay wallet. magicpin offered 15% of the bill amount as points for magicorder in addition to the points offered for using magicpay (capped at 125 points).

*magicbrands:* A user could activate up to five brands every week, purchase these brands from any outlet until the following Sunday, and upload the bills to earn reward points and cashback.

*Game (Hopper):* A user could play a game called Hopper on the magicpin app and earn points. Users could create leagues and involve other users by setting targets and awarding reward points on the achievement of the targets.

*magic Quest:* Adventure Quest was a virtual treasure hunt game in which a user earned reward points or vouchers for finding virtual objects in nearby outlets. When the user visited the store, they had to open the app, claim the deal, select active quests and find the hidden treasure inside the outlet by using the phone camera. The treasure unlocked a voucher code, which the user could redeem at the outlet.

*Group-Buy:* Users could buy vouchers in groups to purchase items at a discount and also obtain cashback offers. A user could either participate in an existing group or create a new one.

#### Sample promotional offers:

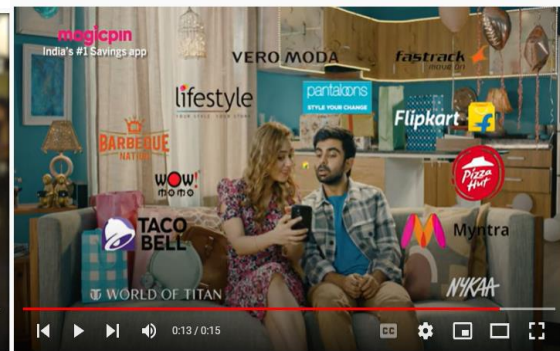
- 100 magic points on new user signup
- Refer friends and earn points: Tell your friend about us and earn 150 points + INR 50 off on an Amazon voucher
- 50 points on the first transaction using UPI
- INR 100 off on home-delivery orders
- 50 points on uploading online shopping bills

**Source:** website of magicpin and magicpin app

## Exhibit 8: TV Advertisements and Social Media Campaigns



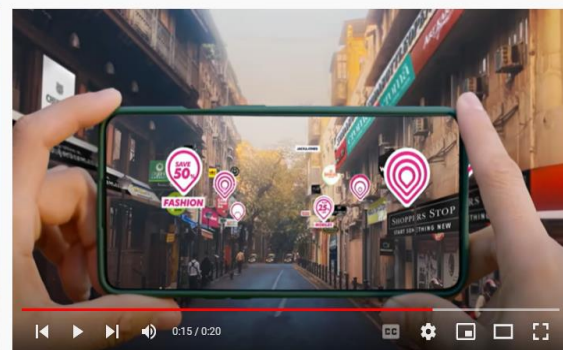
Install magicpin | Save on Dine-out



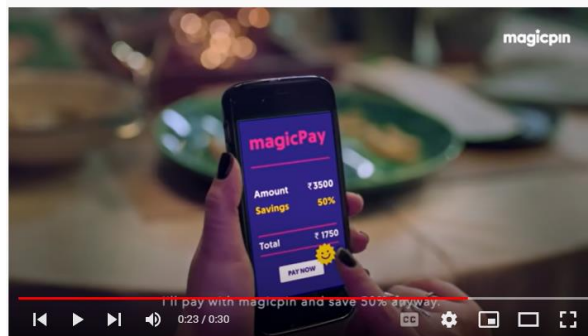
Save Big on Fashion, Lifestyle & Beauty with magicpin - India's #1 savings app



#AsliSavings  
The Bread Ad | magicpin | Asli Savings



#magicpin #AsliSavings #GoLocal  
Magic Bahar Hai Bro | magicpin | Street Fight



#magicpin #ShopLocal #GoLocal  
No Favours, Only Flavours | Dining Out | magicpin | Shop Local



#magicpin #ShopLocal #GoLocal  
Badla Lo | magicpin | Shop Local

**Source:** Screenshots of videos from magicpin's YouTube channel (<https://www.youtube.com/@magicpin1891>)

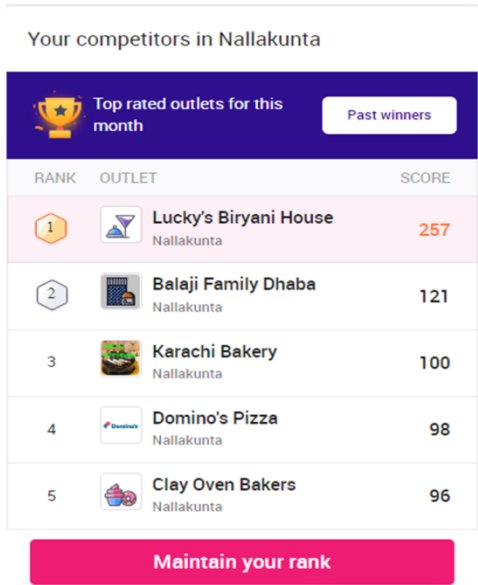


Exhibit 9: Merchant Dashboard

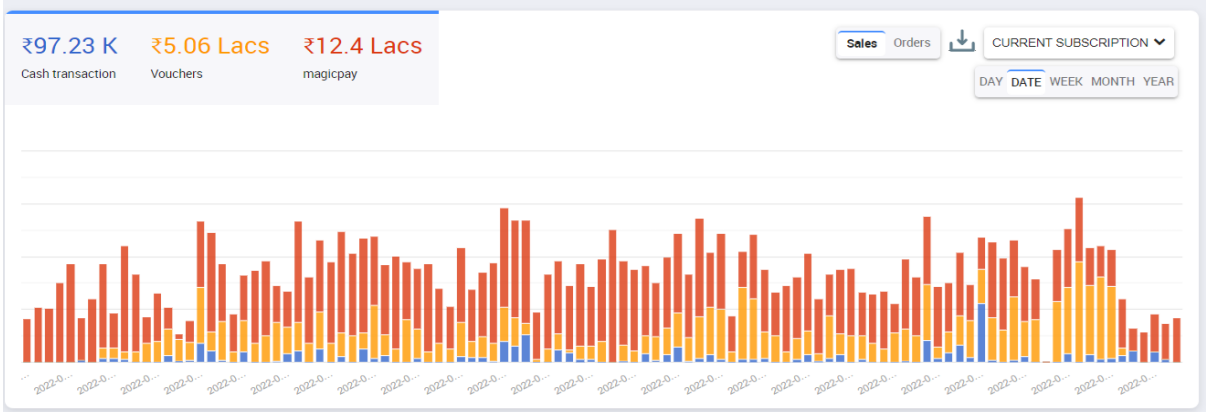
Merchant can see business delivered as per the promised goal



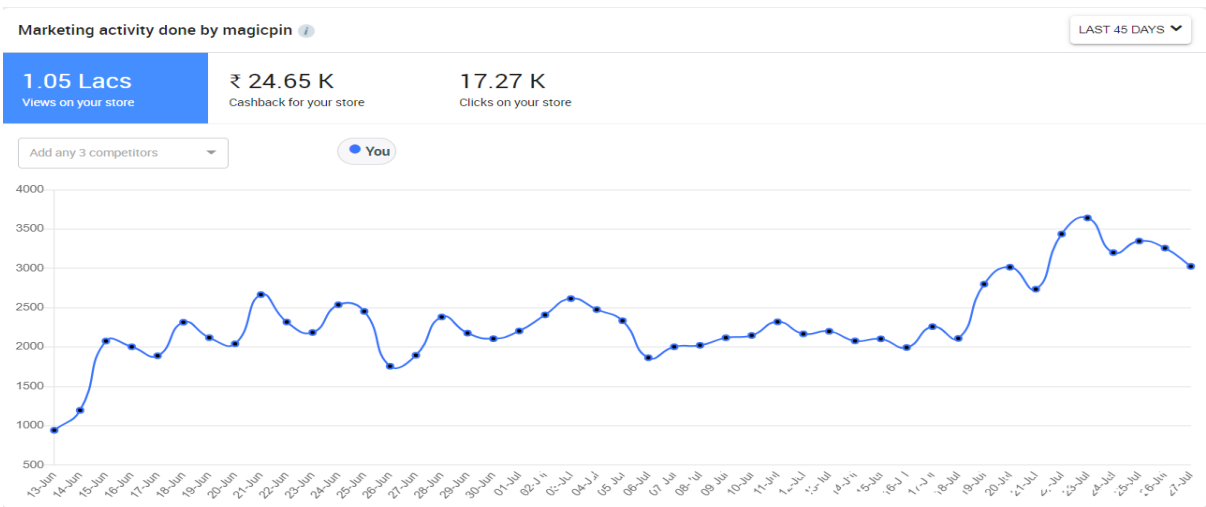
Merchant ranking in the locality:



Business

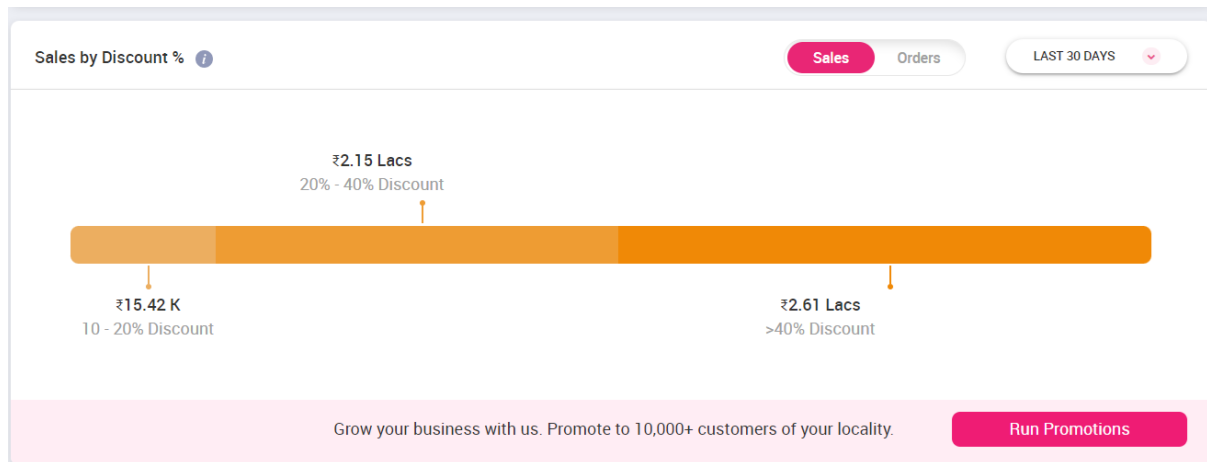


Day wise business of the merchant from various modes



Visibility of the merchant general trend to increase on weekends

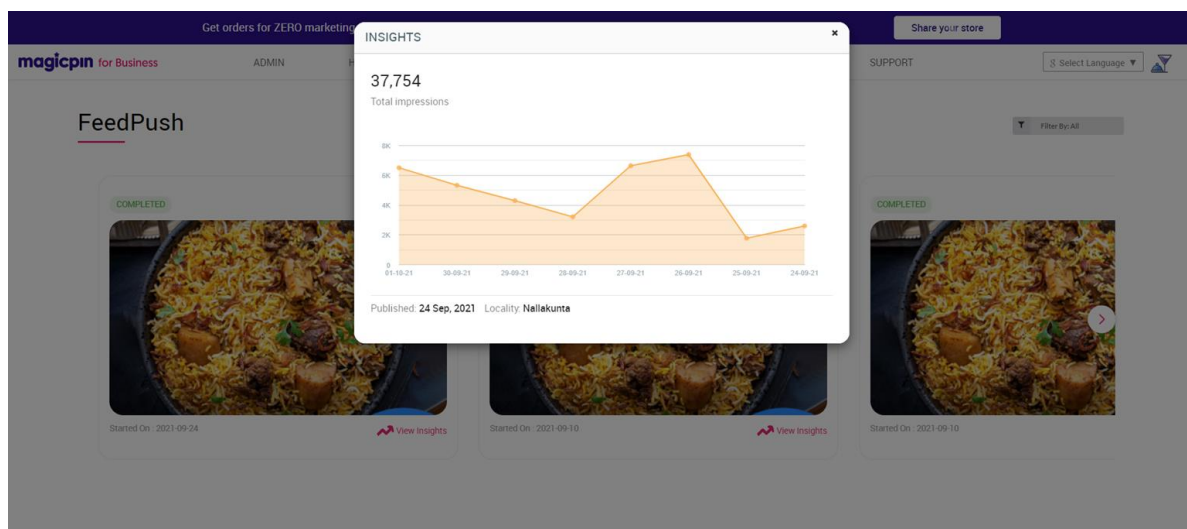




### Split of merchant business by sale done on the merchant

EXPORT DATA		
<b>Vinay Kandaraboina</b> July 29th 2022, 2:52 am Limited stock sale. Get Rs. 500 off on your bill. Code: VG3PN9AZ	<b>Sudheer Reddy</b> July 29th 2022, 2:43 am Amount Paid Via Magicpin: ₹ 463 Code: PYRBJ9AP5	<b>Adharsh</b> July 29th 2022, 2:34 am Amount Paid Via Magicpin: ₹ 378 Code: PDEME2SPU
<b>Kashameni vishnu</b> July 29th 2022, 2:30 am Amount Paid Via Magicpin: ₹ 368 Code: PUH8WTV1N	<b>Mandala Manjunath</b> July 29th 2022, 2:29 am Amount Paid Via Magicpin: ₹ 1124 Code: PSZFRDZ5A	<b>B MADHUKRISHNA</b> July 29th 2022, 2:28 am Amount Paid Via Magicpin: ₹ 99 Code: P8A5UMZYR
<b>Sai Harsha</b> July 29th 2022, 2:26 am Amount Paid Via Magicpin: ₹ 370 Code: PX7UAY635	<b>B MADHUKRISHNA</b> July 29th 2022, 2:26 am Limited stock sale. Get Rs. 500 off on your bill. Code: VBCDCWN4	<b>Nalla Sathwik Reddy</b> July 29th 2022, 2:25 am Amount Paid Via Magicpin: ₹ 599 Code: P1Y4CEQTJ

### Transaction details of the merchant to make them redeem and validate transactions



Merchant can promote their stores by various inventories on the app that goes to relevant users in locality

**Source:** Company data; captions provided by the company

### Exhibit 10: Brands Privilege Program for Merchants

- The Brands Privilege Program rewarded retailers for sales of a partner brand.
- magicpin received data from every bill printed at the retail outlet through software installed in the PoS printer/billing machine. In the case of multiple billing machines, the software had to be installed on each one.
- The software would detect the partner brand and rewards would be credited to the merchant's magicpin account within 48 hours of a bill upload. magicpin offered merchants a joining bonus of 300 points on the first bill that they shared.
- If a brand selected a particular merchant for pushing their product by using a specific promotion or campaign, that retailer received additional reward points.
- Retailers received VIP early access to *magicpin offers*.
- Retailers could *earn up to INR 5,000 per month* (considering all the billing machines).
- Rewards were earned per bill, not based on the quantity or units in the bill.
- The sales data from partner retailers helped magicpin gain insights into the brand stocks and sales in a particular locality. In the case of non-partner retailers, data was extracted through statistical inference.

**Source:** magicpin's Brands Privilege Program for Merchants, on the magicpin Blog. Retrieved August 21, 2020, from <https://magicpin.in/blog/magicpin-brands-privilege-program-for-merchants/>

### Exhibit 11: Pinduoduo Inc.

Pinduoduo Inc. was one of the largest social e-commerce platforms in China and the biggest online marketplace for agricultural product sales. Founded in September 2015, by March 2022, it had generated a revenue of USD 3,753.4 million from 751.3.9 million active users in Q1 2022<sup>13</sup>. For the 12-month period ending March 31, 2022, the number of its annual active buyers<sup>14</sup> had reached 881.9 million.

Pinduoduo's platform was designed to look like a virtual bazaar—the user interface was SKU-centric, dynamically personalised, and designed for mobile browsing and discovery. It featured innovative in-app games (such as Duo Duo Orchard, in which users tended to trees and received rewards in the form of fruits of the tree) and promotions that helped encourage user interaction, sharing and platform engagement. Pinduoduo re-invented the team purchase model to promote interactions between users. The integration of the social element was key to the Pinduoduo online shopping experience. Instead of a fixed product price, Pinduoduo offered a lower price as the size of the purchase team increased. The purchase process was thus gamified, and users rushed to form bigger teams to avail themselves of lower prices. By aggregating demand, Pinduoduo could help producers liquidate stocks and reduce logistics costs, which was particularly helpful for agricultural products with low shelf-life and products with high seasonality. Pinduoduo pioneered an "Internet + Agriculture" initiative that aimed to facilitate sales between small-scale farmers and consumers, thus enabling farmers to be less dependent on traditional distributors, and thereby improving the overall efficiency of the supply chain and reducing costs. Consumers could get fresher products at a lower price, and farmers could earn because of lower distribution costs and larger orders.

Pinduoduo connected consumers to manufacturers (referred to as the C2M model). It fostered innovation by providing manufacturers with consumer insights, product suggestions and preferences, thereby enabling manufacturers to create tailor-made products for targeted customers and helping in accelerated IP registration with the government. Manufacturers were able to ramp up sales faster through access to Pinduoduo's large user base than through conventional channels. Thus, awareness of manufacturer brands was accelerated through the use of Pinduoduo.

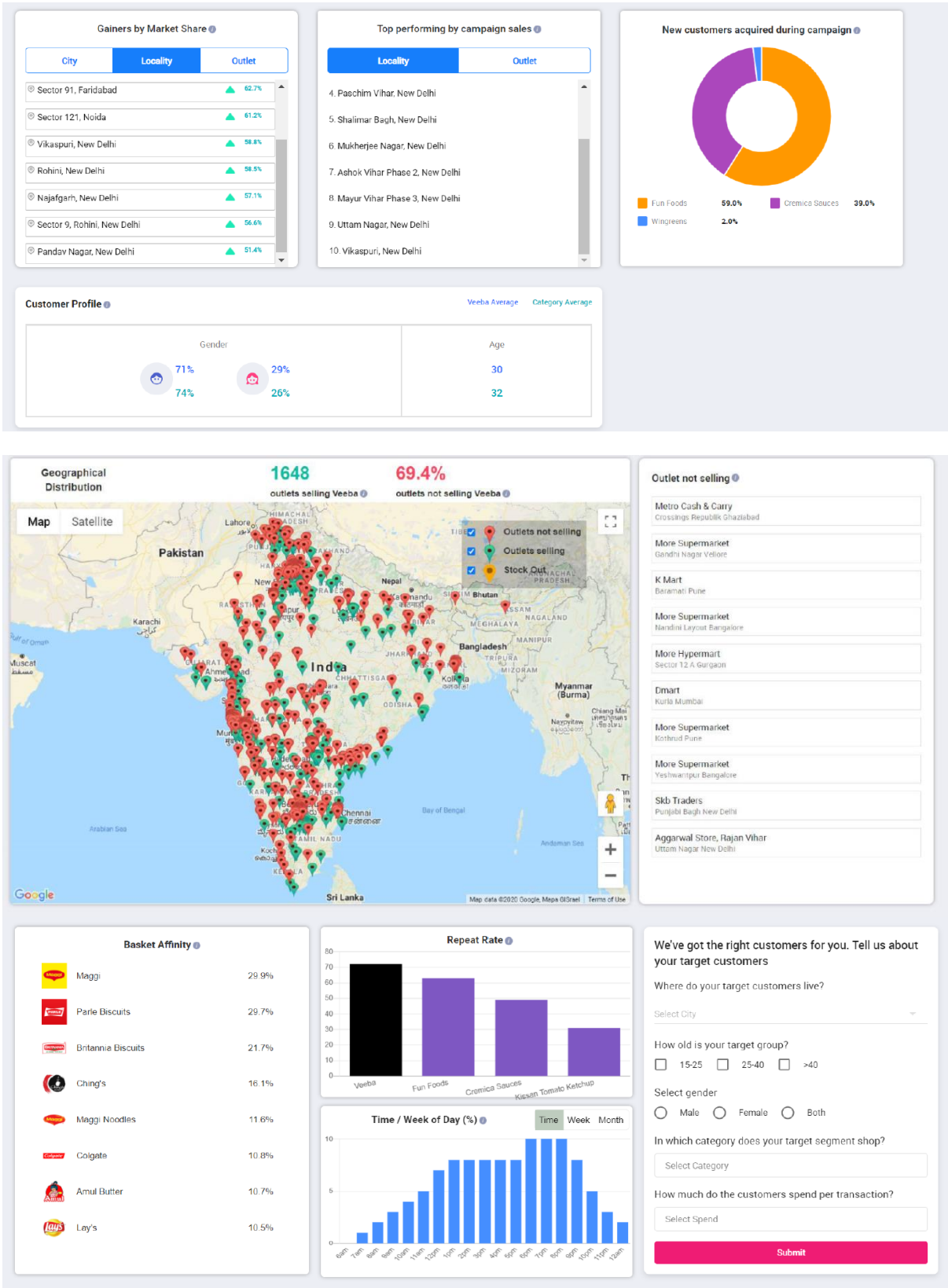
**Source:** Created by the authors

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<sup>13</sup> *Investor relations* | PDD Holdings. Retrieved September 8, 2022, from <https://investor.pinduoduo.com/news-releases/news-release-details/pinduoduo-announces-first-quarter-2022-unaudited-financial>

<sup>14</sup> "Active buyers" refers to the number of users who place one or more orders regardless of whether the products and services are actually sold, delivered or returned.

Exhibit 12: Brands Dashboard



Geographical Distribution

1648 outlets selling Veeba

69.4% outlets not selling Veeba

Map

Satellite

Map

Satellite

Outlet not selling

Metro Cash & Carry

Crossings Republik Ghaziabad

More Supermarket

Gandhi Nagar Vellore

K Mart

Baramati Pune

More Supermarket

Nandini Layout Bangalore

More Hypermart

Sector 12 A Gurgaon

Dmart

Kurla Mumbai

More Supermarket

Kothrud Pune

More Supermarket

Yeswanpur Bangalore

Shri Traders

Punjabi Bagh New Delhi

Aggarwal Store, Rajan Vihar

Uttam Nagar New Delhi

Basket Affinity

Maggi

29.9%

Parle Biscuits

29.7%

Britannia Biscuits

21.7%

Ching's

16.1%

Maggi Noodles

11.6%

Colgate

10.8%

Amul Butter

10.7%

Lays

10.5%

Repeat Rate

Veeba

70

Fun Foods

60

Cremica Sauces

50

Kissan Tomato Ketchup

30

Time / Week of Day (%)

Time

Week

Month

Time

Week

Month

We've got the right customers for you. Tell us about your target customers

Where do your target customers live?

Select City

How old is your target group?

15-25

25-40

>40

Select gender

Male

Female

Both

In which category does your target segment shop?

Select Category

How much do the customers spend per transaction?

Select Spend

Submit

Customer Preferences

LocalityCity

Casual Dining

Connaught Place (CP), New Delhi

Saravana Bhavan

Affinity 7 %

Sandoz

Affinity 7 %

Big Chill

Affinity 6 %

California Boulev...

Affinity 6 %

Biryani Blues

Affinity 4 %

DLF Cyber City, Gurgaon

Pizza Hut

Affinity 10 %

Sagar Retna

Affinity 6 %

Imperfecto

Affinity 5 %

Biryani Blues

Affinity 5 %

SodaBottleOpene...

Affinity 4 %

Sector 18, Noida

Vaango!

Affinity 7 %

Pizza Hut

Affinity 6 %

Big Chill

Affinity 6 %

Chili's Grill & Ber

Affinity 6 %

Cafe Delhi Heights

Affinity 5 %

Koramangala, Bangalore

Meghana Foods

Affinity 9 %

Paratha Plaza

Affinity 9 %

Nagarjuna

Affinity 5 %

Empire Restaurant

Affinity 4 %

The Boozy Griffin

Affinity 3 %

Casual Wear

Rajouri Garden, New Delhi

Sector 18, Noida

Rohini, New Delhi

Dwarka, New Delhi

Campaign Transactions

Total sales during campaign: 6995

DailyWeeklyMonthly

Date	Transactions
21 Oct	10
22 Oct	15
23 Oct	15
24 Oct	15
25 Oct	15
26 Oct	15
27 Oct	15
28 Oct	15
29 Oct	15
30 Oct	15
31 Oct	15
01 Nov	15
02 Nov	15
03 Nov	15
04 Nov	15
05 Nov	15
06 Nov	15
07 Nov	15
08 Nov	15
09 Nov	15
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26 Nov	15
27 Nov	15
28 Nov	15
29 Nov	15
30 Nov	15
01 Dec	15
02 Dec	15
03 Dec	15
04 Dec	15
05 Dec	15
06 Dec	15
07 Dec	15
08 Dec	15
09 Dec	15
10 Dec	15
11 Dec	15
12 Dec	15
13 Dec	15
14 Dec	15
15 Dec	15
16 Dec	15
17 Dec	15
18 Dec	15

Source: Company data



### Exhibit 13: Value for Brands

magicpin enabled brands to reach users through customised communication based on different criteria such as demographics, consumption patterns, spends and user interests. magicpin helped brands drive targeted sales by increasing customer footfall at offline stores. The platform delivered ROI on digital spends by increasing the visibility and sales of low-performing stores of these brands; it achieved this increase by reaching out to new customers through segmented targeting and personalised communications. Some of the tools used were influencer marketing, in-app prime inventories, moment marketing, push notifications, ads, referrals, customised promotions, group-buy and influencer meetups. The website of magicpin had several case studies that demonstrated how it added value to brands.

magicpin helped Fabindia in building brand awareness, creating purchase intent and increasing store footfall. magicpin arranged influencer meetups across cities, creating more than 3,000 online posts on its app to build visibility. The platform offered rewards and discount vouchers on Fabindia products and festive offers on special collections to boost sales. It also used gamification as a marketing tool to launch AR (augmented reality) quests in the vicinity of Fabindia stores in order to increase store walk-ins. magicpin claimed that these measures led to an increase of 66% in the number of new customers, out of which 62% had been acquired from competitor brands. It also claimed to have delivered a growth of 10X in the overall business through these campaigns.

Mamaearth wanted to increase customer acquisition and build loyalty and brand recognition. magicpin studied the target group to divert the members from offline to online shopping, organised influencer campaigns, incentivised users to purchase vouchers in groups by offering higher rewards and promoted the latest products through curated content. These steps resulted in an increase of 15X in customer acquisition from Q1 to Q3 2020. magicpin made a contribution of 12% in Mamaearth's daily transactions. Mamaearth reported that 36% of the total orders came from repeat users, with an average ticket size that was 1.5X the minimum cart value.

FirstCry wanted to create awareness, build visibility for new product launches and increase footfall at stores to drive sales. magicpin offered moment marketing, hyperlocal targeting and in-app visibility to create brand recall, which resulted in 1.5 million impressions and a conversion rate of 3%, with new customer acquisition of 43% and repeat sales of 14%.

Peter England leveraged influencer marketing to drive visibility for its ethnic brands. It wanted to promote formal wear among young office-goers and acquire new customers. magicpin created awareness through sponsored ads and in-app prime inventories. The platform incentivised users to buy in groups by referring friends and peers. magicpin also arranged influencer meetups at flagship stores to promote the latest collection and to create brand awareness, which resulted in business growth of 12X from Q1 FY19 to Q2 FY20, new customer acquisition of 61.43% and a repeat rate of 36%.

Wildcraft wanted to acquire new customers, drive awareness and increase footfall in order to achieve an increase in overall sales. magicpin used customised notifications to create purchase intent by offering special rewards and discounts, and used in-app prime inventories to create brand awareness. magicpin promoted the brand to users with an order value of INR 1,500 and promoted the brand by hyperlocal targeting. These steps resulted in new customer acquisition of greater than 60%, with a sales growth of 1.9X from the first month (M1) to M2 and 2.3X from M2 to M3, and a repeat rate of 20%.

Fossil wanted to acquire new customers and increase visibility and sales for low-performing stores. magicpin used influencer marketing, in-app promotions, hyperlocal targeting, special promotions and rewards to target the audience for the brand. These steps resulted in new customer acquisition of 69%, with an ROI of 4X on their spends on the app. The sales grew by 83% from M1 to M2 and 102% from M2 to M3. In addition, 79% of the total sales were reported from seven low-performing stores of Fossil.

For Titan, magicpin sent customised communications to target users, and designed promotions using in-app prime inventories, sponsored ads and a referral programme to create awareness of the brand. These steps resulted in new customer acquisition of 57% and repeat sales of 26%. The referral programme and event-based marketing led to a growth of 2.5X in weekly transactions.

**Source:** Website of magicpin, <https://magicpin.in/brands/>, accessed June 2022

### Exhibit 14: Performance Marketing

Traditional advertising on mass media such as radio and TV involved high fixed costs and limited ability to track the number of impressions. With the advent of the internet and social media, when an advertisement was served, consumer actions could be tracked with significantly greater granularity. This encouraged payment structures in which the advertiser paid an amount based on measurable results such as click-throughs. As payments were made for successful transactions, real-time measurement of marketing ROI became a possibility and instilled confidence in the advertiser that the money was well spent.

The traditional pricing metric of CPM (cost per mille) was based on the cost for 1,000 impressions, but performance marketing adopted different metrics such as CPC (cost per click, in which the advertiser was charged when a consumer clicked on the advertisement), CPL (cost per lead, in which the advertiser was charged for qualified leads with all the details of the interested consumer) and CPA (cost per acquisition, in which the advertiser was charged for completed sales).

Performance Marketing was similar to Affiliate Marketing, which included Influencer Marketing, Email Marketing, Search Marketing and any other form of marketing in which the marketing partner exchanged sales for a commission payout. This included social influencers, native advertisers, mobile app developers, geo-targeting paid search partners, email marketers, and many others who showcased products on personal blogs, posted reviews on e-commerce platforms, or projected a lifestyle on Instagram and YouTube. The performance parameters were varied, such as incremental sales, new customer acquisitions and market expansion. Performance marketing promised to deliver a higher return on marketing spends than traditional approaches.

#### *Google AdWords and magicpin*

magicpin and Google AdWords were both online platforms that offered performance marketing to merchants. Google AdWords was structured as an auction in which businesses bid to place their ads in the search engine results for relevant keyword searches. This helped advertisers drive relevant traffic to their websites. In contrast, magicpin helped users find businesses based on their interest and activities. It was more like “paid social” than “paid search.” Google AdWords helped businesses find new customers, whereas magicpin helped customers find listed local businesses and, simultaneously, helped businesses reach new customers through promotions.

Google's advertising offerings enabled advertisers to bid on millions of keywords and phrases to target prospective customers. Through retargeting of the customer by showing banner ads when the user visited other sites on the internet, Google could help advertisers accomplish marketing goals such as brand building that were not necessarily conversion-driven.

magicpin offered banner ads by promoting various coupons on its discovery and redeem page. These ads were displayed based on a user's interests, locality or past purchases. Advertisers could create their own ads for a specific offer, festive period or new product launch for a set of users who were loyal customers.

Google offered a free web-based analytics tool that provided details on the web traffic to the advertiser's website, including the location that visitors arrived from, their user attributes and their behaviours. magicpin offered a dashboard to brands that provided them with insights into the performance of the brand and of competitors in hyperlocal markets.

**Source:** Created by the authors

**Exhibit 15: Advertisement for magicpin (December 2021)**

**magicpin**

# Shopping Ki Asli Feeling Toh Dukaan Mein Hai

<b>Perfect Fit</b>	<b>Wrong Size</b>
<b>Instant Delivery</b>	<b>3 Business Days</b>
<b>Touch &amp; Feel</b>	<b>Fingers Crossed</b>
<b>Genuine Goods</b>	<b>Farzi Maal</b>
<b>3 Course Meal</b>	<b>Not Even A Napkin</b>
<b>Coffee With Friends</b>	<b>Stuck With Customer Care</b>
<b>Asli Savings</b>	<b>Paise Phas Gaye</b>

**vs**

And that's why there's magicpin. Turn the page to know more.

**magicpin**

**Source:** Company data