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Here comes another marketing model for e-commerce players in India

To create its own path in eCommerce clutter and reach out to potential customers with their permission.

Guest Author | 14 February 2015, 5:14 PM IST



In today's competitive marketplace, the number of companies selling similar product/services & the number of channels by which marketers can reach potential customers have increased and at the same time, potential customers' attention & time span for any advertisement have substantially decreased.

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There are many big and small eCommerce players in India. They are burning hard-earned venture capital money in various online & offline marketing channels to reach out to potential customers, get their attention and bring them on their sites with no guaranty that same customer would visit the site again and are realizing that day by day it's becoming difficult to reduce customer acquisition & retention cost. In such a cluttered environment, it has become difficult for them to establish one-on-one relationship with their customers in a cost-effective manner, and if they continue to rely on traditional types of advertising, sooner or later they would burn their cash and may disappear from business headlines.

To solve this burning problem, famous author and marketer Seth Godin in his popular book *Permission Marketing* emphasized that if marketers focus on building one-on-one relationships with their potential customers & offer them incentives to accept advertising, then marketers could get potential customers' permission to engage them in a dialogue, create trust, build awareness and improve chances of making sale. Permission Marketing has the power to convert strangers into friends, and eventually friends into customers.

To create its own path in eCommerce clutter and reach out to potential customers with their permission, FirstCry.com has created an interesting marketing model and has been able to reduce its customer acquisition cost and increase conversion rate substantially. Let's take a look at how the brand is converting strangers into friends and then friends into customers using its permission marketing model.

FirstCry Box Program - A permission marketing model

FirstCry.com's target customers are young parents and FirstCry box program helps create a brand experience amongst them when they're celebrating the happiest cry ever - the first cry of their babies at maternity hospitals. Inspired from Google's two-sided network business model in which one side is customers, who get free access to

search and other side is advertisers, who pay to Google to reach out to their targeted customers, FirstCry box program also has 2 sides - parents and baby products' brands.

Parents - Customer side of the network (free side that doesn't pay)

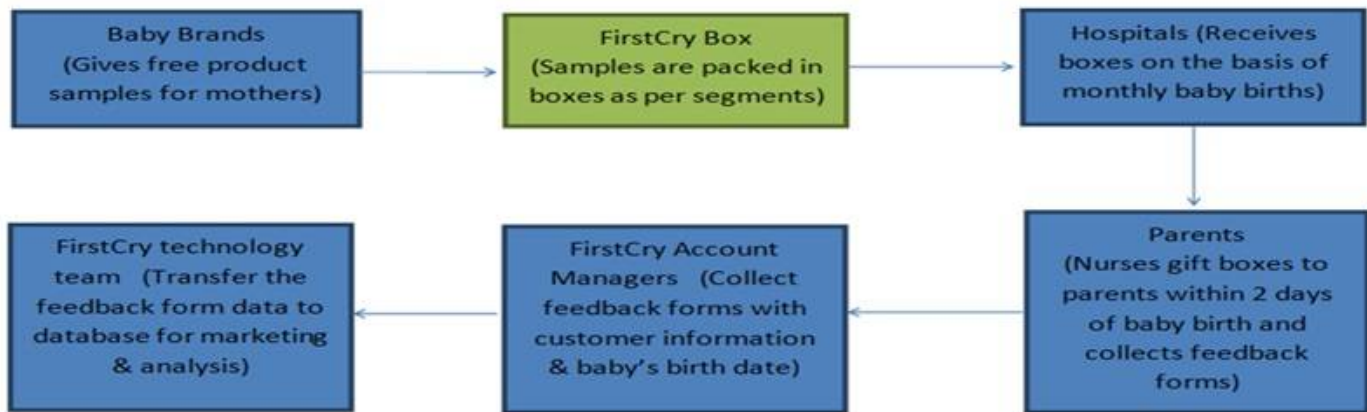
FirstCry.com signed up 7,000+ hospitals in 50+ cities and has an army of account managers to manage relationships with contact people at signed hospitals. The program reaches out to 70,000+ new parents every month through these hospitals and plans to scale up to 1 lac+. This means that the FirstCry Box will be gifted to over 1 million parents every year!



Baby products' brands - Advertiser side of the network (paid side that pays in the form of samples and distribution cost)

FirstCry partnered with brands that want to reach parents at the earliest stage of their customer lifecycle and became their most efficient channel for direct marketing. Brands give their gift products and share a program cost with FirstCry. This allows baby brands and FirstCry to together build the most targeted marketing program in the baby and kids space. Based on independent surveys and internal data, there are some astounding results. The adoption rate for brands in mass categories is upwards of 25%. One of the brands has seen a 4x increase in customers acquired within the FirstCry Box gifted parents compared to when they were not gifting. Another brand has been able to increase its retail penetration of a newly launched product due to the demand generated in areas around the hospitals where the gifting happens. At a very basic level, the program has a customer acquisition cost that is almost 1/10th of an average TV campaign, largely because of its efficient targeting ability.

Working of the program



FirstCry.com receives brand samples and then packs them into various boxes as per hospitals' segments & regions (as a few brands want to focus on specific regions). Packed boxes are delivered to hospitals on the basis of number of monthly baby births at these hospitals. This whole initiative is has a strong back-end of technology, warehousing & logistics.

Converting strangers into friends

Nurses act as a channel with permission to reach out to parents and gift them the boxes within 2 days of baby birth and when parents get these gift boxes with necessary items required during early days of baby birth, they get happy, connect with the brands present in the box and happily give feedback forms with their information such as contact details and baby's birth date to nurses. In this way they are giving permission to FirstCry to talk to them. It is then the responsibility of FirstCry to respect this permission and provide value.

Converting friends into customers

FirstCry account managers collect feedback forms, which are entered into database and calls are made on 100% customer data to evaluate activity and conversion. In the box, parents get a high value discount coupon using which they can purchase products from FirstCry's online & offline stores. Most importantly, there is a weekly mailer program that shares relevant stories and keeps them updated on products they are likely to need in the immediate future. Open rates of over 20% week after week indicate the relevance of these mailers.

Increasing frequency for regular contacts

From an advertiser's point of view, the single most important tactic is frequency to connect with a customer. Technology enables memorizing babies' birth dates and gives an ability to customize weekly emails for father & mother separately with information relevant as per babies' growth as signified by the weekly mailer program.

Impact of FirstCry box program

1. This program has given 100% targeted reach to baby brands to unique parents every month.
2. FirstCry.com has been able to create a story in parents' mind for itself and partnered brands.
3. It has been able to get parents' permission to get into a dialogue without any interruption from competitors and any other media channel.
4. It has been able to create a powerful national database of parents as per various segments and babies' date of birth.
5. By analyzing customers' buying patterns, it has been able to track brands' performance on awareness, trial and repeat in various customer segments.
6. By connecting with customers at the earliest time of starting of their life cycle, it has been able to increase customer life time value and decrease customer acquisition cost.
7. By informing parents about its franchise stores in their nearby locality, it has been able to send new customers to its franchise stores.

The conversion rate of this marketing activity is close to 15% online (high despite e-commerce still being a very small percentage of the overall retail pie). This model justifies the power of permission marketing and proves that if start-ups focus on innovative marketing models then they could connect better with their prospective customers and eventually increase their sales with lower customer acquisition cost.

(About the authors: This article has been written by Harsh Pamnani and Anuj Jain.)

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