

# Mama earth: Goodness Inside Happiness Outside

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## **Abstract**

*Mama Earth is the first company from Asia to get a safety certificate for its toxin-free products. Found in 2016 by young parents. With the aim of providing toxin-free baby care products to young parents. Started with six products today it offers a wide variety of toxic-free baby care, skin products, and hair care products to consumers. The Case speaks of mama earth as an organic cosmetic products manufacturer. The case focuses on the cosmetic industry. It discusses the history of mama earth, its market potential, its competitors, finances, and marketing strategies adopted by the company. It divulges the unique characteristic of being organic and toxin-free to have an edge over its competitors in the cosmetic market. This case further explains a few of the distinctive advantages of using organic cosmetic products. The Sole purpose of this case study is to show how Mama Earth emerged as an organic product*

*brand, the Social media strategies, and the financial model adopted by the company. The case concludes by identifying and addressing the gap in the industry, looking at the components for a better brand image as well to select the apt communication channel for better reach.*

## **Introduction**

With the cosmetic industry booming in India, the need for organic products are in place. Irrespective of brands people have a fear of toxic ingredients used in cosmetic products. More than ten thousand chemicals are used in various cosmetics. Only eleven chemicals are banned by the food and drug control board. Cosmetics products are used by all age groups ranging from adults, kids, and newborns. Using these harmful chemical products on a new baby's skin causes many diseases. Mama earth founders Varun and Ghazal discovered that the baby care products they encountered in India were dangerous to their infants and that there were no safer alternatives. In 2016 Ghazal Alagh decided to improve the quality and price of infant items. A new brand was developed, a research and development team was selected, and certifications were acquired. These conditions all contributed to the founding of Mama Earth, which immediately distinguished itself as Asia's first company to provide safe, natural baby products free of chemicals. Mama earth is a company by the mom, for the moms, and through the moms. They are the first company from Asia to get certified by Made safe an America-based NGO that certifies nontoxic

## **Industry Overview**

The infant skincare industry is growing rapidly as a result of greater product innovation, customization, and low prices. Due to the emergence of millennial parents' the demand for baby skincare products has been growing year after year, and the market dynamics

have evolved significantly over the past few years. Skin care items are among the many goods sold under the infant personal care category and are predicted to take the top spot in near future. According to the market size analysis provided, the report has discovered numerous factors that have a significant impact on the dynamics of the global market for infant personal care. By the end of 2022, it is predicted that sales of baby personal care products would generate revenues of approximately US\$ 83 Bn (<https://www.futuremarketinsights.com/reports/infant-formula-ingredients-market>). There are numerous companies both multinational and start-ups in segments like baby toys, and baby accessories. Baby skin care product is dominated by Johnson and Johnson with 80 percent of the market share in hair and skin care. While Kimberly Clark (Huggies), Procter and Gamble (pampers) and Unilever share the rest of the market (<https://www.easyecom.io/customer-stories/mamaearth-grows-10x-in-24-months/>).

## **About the company**

Mama Earth is the first company from Asia to get America's made safe certificate for its toxin-free products. Found in 2016 young parents Varun Alagh and Ghazal Alagh started the company with the aim of providing toxin-free baby care products to young parents. Started with six products today it offers a wide variety of toxin-free baby care, skin products, and hair care products to consumers. Mama earth has a brand that has come a long way from being unknown to the top baby skin products seller. It has spread across 500 cities and serves more than 1.5 million customers. 90% of the company promotions are done on digital platforms and only 10% of conventional media are used in promoting its products (Mishra, S. (2020, December 15). *Financialexpress*. The Financial Express Stories. Retrieved November 20, 2022, from <https://www.financialexpress.com/brandwagon/mamaearth-increases-its->

marketing-spends-by-threefold-to-invest-in-tv-and-digital/2149972/ ). Mama earth competes among top brands like L'Oréal, HUL (Hindustan Unilever Limited), P&G (Procter and Gamble), and Johnson and Johnson in the market. With impressive sales growth, year after year Mama Earth is spreading its presence across India and abroad.

## **Market Challenges**

Some of the major reasons propelling the growth of the infant care products market in India are the rise in Internet usage and the accessibility of baby care goods online. The sales of baby care products through the online channel in India is benefited from increased Internet penetration, access to smartphones, creative advertisement, and increased use of online banking systems. In order to avoid the hassle of visiting physical stores, consumers prefer to shop online. With consumers gradually becoming more comfortable with the use of apps, electronic cash, and mobile wallets are expected to rise in popularity. India's baby care products market faces major challenges due to the declining birth rate and fertility rate. There is a direct correlation between birth rates and demand for baby skin care products. Baby skin care products are in high demand due to an increase in birth rates. Owing to parents' raising awareness of how crucial it is to meet their children's nourishment needs, Demand for fortified infant skin care has increased significantly in recent years. The industry is expanding as a result of rising demand, especially for toxin-free baby care products.

## **Challenges for Mama Earth**

Initially, Mama Earth's online business fetched between 20 and 30 orders per day with fewer product categories. The brand expanded quickly in a matter of months in terms of product categories and presence which resulted in the order volume surging by 20 times. Mamma Earth faced

a number of operational challenges as the business scaled up, including gaps in inventory tracking, wrong items being dispatched, delays in order fulfillment, and high cancellation rates. It had become challenging to pack and dispatch orders with precision on the same day because of the large volume of orders.

- Poor visibility and lack of tracking inventory: - Inventory management across the warehouse for various SKUs (Stock Keeping units) with defined shelf lives can be challenging without a proper system. In addition to being a major 5growth
- Unorganized workflow to manage large orders:- In order to manage a high-volume operation, a larger team is required. It is impossible to manage such high volumes without a properly functioning system. It was there that the Mama Earth team encountered the biggest challenge.
- Hefty shipping and cancellation fees:- Customer use amazon as a brand when it comes to online shopping. They expect the fastest delivery used by amazon to be used by all e-commerce companies. Mama Earth orders are processed from a single warehouse which leads to delay in packages reaching the customer. This leads to customers canceling the order.
- Inaccurate inventory forecast:- Inventory forecasting is the mainstay to maintain a problem when a client brand experiences an unpredicted spike in volume. Given that the product has a set shelf life, the brand was suffering from frequent out-of-stock situations and inventory wastage due to a lack of systematic inventory visibility and planning.
- Unable to trace payments and returns:- E-commerce platforms earn 15-20 percent on regular basis. If companies

are unable to track returns on time, they might be losing tons of profit.

- B2B operations are not integrated with the e-commerce platform:
  - Mama Earth brand is in high demand from major retailers. In order to cater to Demand Company split separate inventory for the B2B channel. This has an additional cost on maintaining manpower, and inventory costs to handle B2B business.
- Arduous record keeping and invoice processing:- Brand has tied up with companies like Medlife, Cloudbtail, etc with bulk orders and invoices are created manually. It is difficult to let the dispatch process depend on manual entry to ERP for the fast-growing company.

## **Finances**

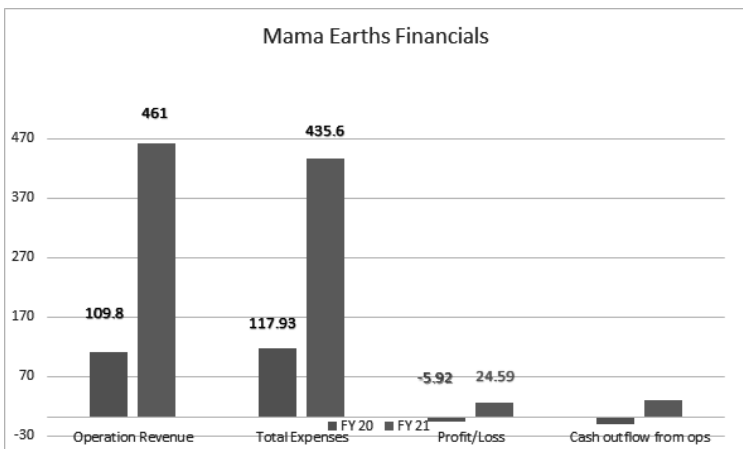
The Series F funding of Mamaearth's Series F round brought in \$52 million, making it the top unicorn of the year, which was headed by its original investor Sequoia. In its most recent round, the company, which has become a leader in the direct-to-consumer (D2C) market in skincare and cosmetics, received a valuation of about \$1.07 billion.

In accordance with the company's yearly financial statements submitted to the Ministry of Corporate Affairs, generated operational A revenue of Rs 461 crore was generated in FY21, a significant increase from the Rs 109.8 crore it generated in FY20 (MCA) 98% of the company's revenue came from domestic sales (India), with the remaining 9.5X surge in global sales occurring in FY21.

An established company with a five-year history largely employs Marketing via influencers and other digital platforms to advertise its products online. Therefore, its marketing costs were the highest cost centre in FY21, making up 44.1% of all expenses. Their costs more than doubled from Rs 49.2 core in FY20 to Rs 192.23 crore in FY21. In

contrast to the majority of Employee benefits offered by start-ups worth more than \$1 billion expenditures make up a sizable portion of costs, Mama Earth’s yearly costs for these charges were only 6.4%. Costs for IT and payment gateway increased 3.1 times to Rs 6 crore in FY21, while this expense jumped 3.3 times to Rs 27.8 crore.

Mama Earth climbed at a blistering speed and in FY21, sales crossed Rs 460 crore, despite the pandemic having an impact on the financial accounts of various enterprises. In addition, the business distinguished itself in comparison to other unicorns and late-stage consumer-facing companies’ online start-ups by turning a profit. The company’s financial statistics reflect that it is currently among India’s most popular D2C brands.



(Source: - <https://entrackr.com/2022/01/mamaearths-revenue-jumps-4x-to-rs-461-cr-in-fy21-turns-profitable/>)

## Competitor

- Wow Skin Science:-** One of the most well-known skin-care and wellness brands in India was founded in 2016, and its name is WOW Skin Science. Wow Skin Science, a Bangalore-based

company, provides its clients with the purest and highest-quality goods available. New age parents are constantly looking for Chemical free products for their newborn baby's day-to-day skin care. All the Products in the wow skin Science portfolio is made with non-toxic natural bio-active ingredients which is the main USP of the brand.

- **Himalaya Wellness:-** Himalaya Wellness is a 1930-founded, international Indian business with headquarters in Bengaluru, Karnataka. Himalaya Wellness was established in 106 countries worldwide in the 1930s by Mohammad Manal. Baby care, personal care, wellness, and animal health are among the 500+ products the company offers. Himalaya offers various baby care products ranging from baby skin to hair products.
- **Johnson and Johnson:-** One of the top producers of baby skin care products in India. It holds 80% of the market share and widely recognized brand for baby products across India. These products are known for being quality products at affordable prices.
- **Moms Co:-** Found in 2016 company came up with the goal of offering toxin-free baby products. They cater to newborn moms and newborn. The company has PET certification and Australian n certificate for toxin-free usage.
- **Pampers:-** Established in 1964 pampers is one of the top market share holders in baby care products in India. They offer a wide variety of products and are well known for various types of diapers.

## **Marketing mix**

Mama earth markets its organic toxin-free baby care products to the end user. It strategically uses a marketing mix to reach its customers. There are 4<sup>p</sup> of marketing mix which is explained below (exhibit 1)



**Product:** - Mama Earth products are organic and chemical-free. These products give toxin-free nourishment to babies.

Some of the features that keep babies away from toxins are:-

**Easy to use:-** Mama Earth products are easy to use. Details of products and instructions are printed in comprehensible and vernacular language. Every product comes with a user manual to solve all confusion while using it.

**Wide range of products:-** Mama earth offers a wide range of products to consumers. Varying from face products, hair care products, beauty products, and baby care products mama earth offers a wide range of products to all age groups.

**Value of the products:-** Products are toxic-free. Organic raw materials are sourced from trusted and certified suppliers.

**Detriment of product consumption:-** Mama earth has a brand not only offers toxic-free products but also delivers the promise, a sense of confidence, and security to the consumer. They also fulfill psychological needs while delivering their promise.

**Price:-** Mama earth uses a hybrid strategy to create value for its products. The company's pricing has been the important feature that gives it a competitive edge over its competitors.

**Superior pricing:-** Premium pricing persuades consumers to perceive products offered are of superior quality and safe product.

**Geographical pricing:** - Foreign operation Permits to conceal shipment and customs charges. Earn steady revenue by modifying prices in the different markets based on exchange value.

**Place:-** Channel and various places at which products are made available to the consumers.

**Exclusive stores:-** Company-operated stores with unique product layout design and operations. Well-trained company sales executives interact with customers and help them buy their preferred products. These stores offer many advantages like awareness about health and demonstration of products.

**Licensed store:-** They decrease the risk of investment on infrastructure and unstable market conditions. Licensed stores are expertized in selling products by aligning needs and cultural values.

**E-Commerce:-** Mama earth sells its products on the online platform. They operate using their official company website. Products are also available on e-commerce websites like amazon, flip kart, blink it, and other websites.

**Supermarkets and hypermarkets:-** Safe place to sell products across the country and overseas in super and hypermarkets. These two places have huge walk-ins which help in selling more products.

**Promotion:-** Promotion is the backbone to promote the products in the market. Mama earth uses a unique promotional strategy to build its brand image. Some of the promotional strategies used by mama earth are.

**Digital marketing:-** Mama earth uses various social media like Facebook, Instagram, and WhatsApp to promote its organic products. Profile, pages are created to get in connected with the customers. Social media has been a powerful tool for the company to reach customers and share information regarding promotional events, campaigns, etc.

**Influencers:-** Collecting testimonials about the product from celebrity ambassadors, and social media influencers. These people use the product and demonstrate it to end users using various channels of communication. Mama earth has many such social media influencers who direct many social media users to buy the product

## Marketing strategy

Mamaearth began by recognizing the value of brand recognition and working hard to achieve it. According to Mamaearth, 90% of the overall marketing budget was allocated to digital platforms, and 10% went to more conventional media like television.

### Mama Earth's Website Strategies

These days, every company needs to make sure that their websites are optimized for search engines. Website tools are strategically used to increase the traffic in the website. Use of keywords, and use of descriptions are few among tools used. Mama Earth's website has 200k visitors month (numbers vary every month).

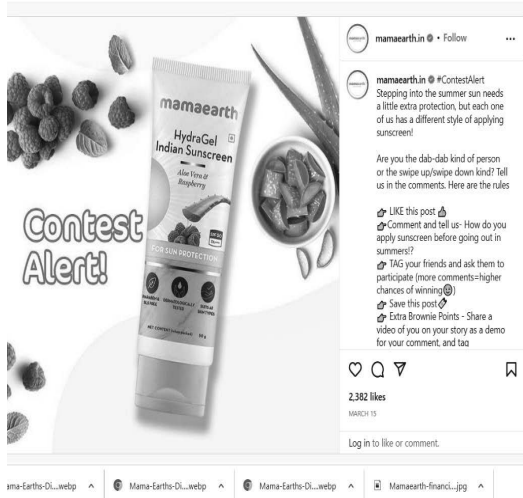


Source (<https://digitalscholar.in/mama-earth-digital-marketing-strategies/>)

**Mama Earth's Instagram Strategies:-** As of July 2022, Mama Earth's Instagram account had over a million followers.

There are different kinds of posts on their Instagram page

- **Influencer-centred:** - Collaboration with influencers to get first-hand reviews and increase followers.
- **Product centered post:** - They post contents that talk about the products and their features.
- **Contest based posts:-** Posts related to contests to boost the sales



Source (<https://www.instagram.com/mamaearth.in/?hl=en>)

## Marketing strategies

In order to increase the visibility of its website, Mama Earth also employs Google Ads. To date, they have placed bids on 186 keywords, and 218.9K visitors have resulted. You can see that they spent \$319.2K on Google Ads from the information below.

Paid Search Positions 1 - 100 (186) €										Manage columns	
	Ad	Keyword	Pos. ↑↓	Diff. ↑↓	Block	Volume ↑↓	CPC (USD) ↑↓	URL	Traffic ↑↓	Traffic % ↑↓	
>	<input type="checkbox"/>	mamaearth	1 → 1	0	<input type="checkbox"/>	823,000	1.93	<a href="https://mamaearth.in/omg">https://mamaearth.in/omg</a>	38,681	17.67	
>	<input type="checkbox"/>	mamaearth	→ → 1	new	<input type="checkbox"/>	823,000	1.93	<a href="https://mamaearth.in/">https://mamaearth.in/</a>	38,681	17.67	
>	<input type="checkbox"/>	mamaearth	1 → 1	0	<input type="checkbox"/>	823,000	1.93	<a href="https://mamaearth...y-offer">https://mamaearth...y-offer</a>	38,681	17.67	
>	<input type="checkbox"/>	mamaearth face wash	1 → 1	0	<input type="checkbox"/>	135,000	0.47	<a href="https://mamaearth.in/omg">https://mamaearth.in/omg</a>	6,345	2.89	
>	<input type="checkbox"/>	mamaearth face wash	→ → 1	new	<input type="checkbox"/>	135,000	0.47	<a href="https://mamaearth...ce-wash">https://mamaearth...ce-wash</a>	6,345	2.89	
>	<input type="checkbox"/>	mamaearth products	1 → 1	0	<input type="checkbox"/>	110,000	0.73	<a href="https://mamaearth...y-offer">https://mamaearth...y-offer</a>	5,170	2.36	
>	<input type="checkbox"/>	sunscreen	1 → 1	0	<input type="checkbox"/>	90,500	0.09	<a href="https://mamaearth.in/omg">https://mamaearth.in/omg</a>	4,253	1.94	
>	<input type="checkbox"/>	mamaearth products	→ → 1	new	<input type="checkbox"/>	90,500	0.63	<a href="https://mamaearth.in/">https://mamaearth.in/</a>	4,253	1.94	
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>	<input type="checkbox"/>	onion hair oil	1 → 1	0	<input type="checkbox"/>	74,000	0.14	<a href="https://mamaearth...ll-gads">https://mamaearth...ll-gads</a>	3,478	1.58	

Source (<https://digitalscholar.in/mama-earth-digital-marketing-strategies/>)

## **Mamaearth during Pandemic**

The closure of offline retailers as a result of the lockdowns to lessen the effects of COVID-19 forced a substantial portion of customers to turn to internet shopping. When offline competitors were still working to build a digital presence, Mamaearth had a head start because it already had one and had a solid digital marketing plan. A huge influx of new customers emerged from Mamaearth's rapid expansion of its e-commerce approach.

Mamaearth began investing money into offline marketing initiatives in order to keep this new consumer segment even after the shutdown. The brand increased its store count to 10,000 after having an offline presence in roughly 3000-odd stores. Due to the pandemic's effect on some businesses, Mamaearth began to hire more people, which allowed them to grow significantly following the lockdowns. The decision proved to be foresightful, and as a result, when the COVID-19-related restrictions were relaxed, Mamaearth saw a 15% increase in the percentage of its sales that came from offline outlets.

Mamaearth persisted in conducting tests using various items, yielding numerous successes and failures. However, they hit a home run during COVID-19 when they introduced face cleansers, face serum, and skincare items that contained vitamin C and turmeric. It ended up changing the game. They topped the sales charts and were in high demand. This served as a brand-booster dose, it turned out.

## **Conclusion**

Mama earth is placed among top selling brand in the lifestyle segment (beauty and cosmetic category). Six years after its operations it has come through the most difficult times. Creating space in a well-established market is a challenging task. Giants like boreal, HUL, and P&G are the

biggest players today, and competing with these giants requires a lot of strategies and planning. People sailing towards organic and toxin-free products, especially in cosmetics (baby care products) mama earth made its place in this very segment i.e organic products. They used 4p's of marketing mix i.e. product, price, place, and promotion effectively to reach a sea of customers. A premium pricing strategy was adopted by mama earth to sell its products across the globe. The core strength of promotion lies in social media campaigning. They have a strong social media support team, a number of social media influencers, and celebrity endorsers. Most of the website traffic is derived away from social media pages. Mama earth made sure that it kept its promise of being organic and toxin-free products. Their revenue stood at 920 cr for Fy 21-22.

Mama earth sold its products through its website, Amazon, Flipkart, and other e-commerce platforms. 70% of the sales happen through D2C and 30 % of sales happen through offline channels. Offline sales include hypermarkets, supermarkets, licensed stores, and company-owned stores. Their marketing strategy is entirely different from that of others companies, Company claims that they spend 90% of its marketing budget on digital platforms and 10% of its budget on convection media. This strategy has been a huge success for the company major portion of the sales happen through online platforms. The Pandemic gave them a huge opportunity to scale up their sales. Aggressive marketing was done on social media, e-commerce websites with attractive discounts. Mama earth saw a 400% spike in their sale during the pandemic. Today Mama earth stands in 3<sup>rd</sup> place in terms of sales across India.

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