

## **Case: Mamaearth**

### **Introduction**

When it comes to the cosmetic industry, consumers are always concerned about the process that is followed while manufacturing the products. This is why the world is seeing a new era of cosmetic products that are organic, produced in a natural way, and with the help of natural products that are free of toxins and other chemicals.

The craze for these organic products is palpable simply because they mean no harm to our skin, hair, gut, and ourselves in general. Leveraging this drive for organic products, Mamaearth has catapulted itself into a promising startup in the cosmetics industry. Mamaearth is often hailed as the 1st Asian brand with a “MADE SAFE” certification. The products that the company brings to the masses are free of all known toxins that are banned in most countries. More than being just a commercial brand, Mamaearth takes pride in making products out of love and care.

Mamaearth was founded in September 2016 by Ghazal Alagh and Varun Alagh, to make skincare routines a little chic but with utmost care. Headquartered in Gurugram (India), Mamaearth is distinguished in the cosmetics industry of India as an online platform that offers natural and toxin-free skin care products.

Mamaearth, a prominent Indian personal care brand, has gained significant attention for its commitment to sustainability and ethical practices. This resonates with current consumer trends in India, where health and environmental consciousness are increasingly driving purchasing decisions. This case study examines how Mamaearth's focus on natural, plant-based ingredients and avoidance of harmful chemicals aligns with these evolving consumer preferences and contributes to the company's market success. A deeper exploration into the efficacy of their "natural" claims and comparison to competitor strategies will be examined.

### **Mamaearth - Target Market Size**

According to estimates by the market research company Technavio, the baby care market in India is expected to grow at a 12% CAGR in revenue in the next three years. In terms of the products available, Mamaearth has segmented its products as follows:

- Baby
- Beauty
- Hair
- Face
- Body
- Gift packs.

### **Mamaearth - Product/Services**

#### **Mamaearth Products**

Mamaearth is focused on babies and others with an exclusive product range that caters to baby care, haircare, skincare, and more with over 140 natural products under its umbrella. Some of the most innovative products developed by Mamaearth include India's first bamboo-based

baby wipes, easy tummy roll-on with Hing and Fennel for colic and digestion relief, and 100% natural plant-based toothpaste for children between 0-10 years. It also has a range of skin and hair care products around popular natural ingredients such as onion, Ubtan, tea tree, vitamin C, argan, coco, and charcoal.

It has expanded not only to cater to babies but their mothers as well with varied products ranging from sunscreen to stretch mark removal serum. It focuses on all aspects of motherhood. A fan favorite is their onion range of products for mothers.

Mamaearth offers a wide range of personal care products, including skincare, haircare, makeup and baby care, all of which are formulated with natural, plant-based ingredients and free from harmful chemicals (Farhan, 2017) (Subasinghe & Weerasisri, 2019). The company's emphasis on transparency and traceability of its supply chain has resonated with health-conscious consumers who are increasingly wary of synthetic additives and potential environmental impact of personal care products. (Subasinghe & Weerasisri, 2019) (Rathnayaka & Gunawardana, 2021).

### **Mamaearth - Startup Launch**

The Mamaearth team believes in mum-power and decided to directly target mothers. The founders were confident that once the customers used Mamaearth products, the word-of-mouth publicity would work wonders for the company. The team also leveraged the power of social media through influencer marketing.

The primary strategy was to resonate with like-minded parents who wanted nothing but the best for their babies. The customer acquisition strategy is purely focused on digital content.

“We want consumers to read about the problems that our products solve and why our products are the best in the market. We work with over 500 mom bloggers. We are also innovating constantly to stay relevant and cater to the dynamic market needs,” said Ghazal Alagh.

The most significant project, which helped Mamaearth achieve the growth rate was the lean innovation cycle; it was geared to launch, learn, and scale quickly. Lean innovation helped them focus on customer-specific needs identification. Apart from this, rapid experimentation allowed the validation and improvement of many product concepts on a real-time basis. It aided in increased customer satisfaction and reduced the time-to-market.

### **Mamaearth - Mission and Vision**

We aim to build a brand which is your friend, every parent's friend. A friend who understands you, knows your issues and tries hard to resolve them, well most of them. A brand which every parent like you and me can trust, which intends to make lives of mums & expectant mums better and beautiful. A brand which welcomes all our babies to a healthy and a safe world. We aspire to take care of every parents & baby's wellbeing from head to toe with safe, toxin free, international standard products which you can choose without having to think twice. Well it's a lot like love, Awwww, as mentioned on the "Our Mission" section of the Mamaearth website.

The brand aims to solve the recurring problems of young parents with safe, toxin-free, and international standard products, which will help them cherish the joy of parenting without any hassles.

### **Mamaearth's Sustainability Approach**

Mamaearth has positioned itself as a sustainability-focused brand, with a strong emphasis on using natural, plant-based ingredients and avoiding harmful chemicals in its products (Farhan, 2017). The company's founders have highlighted their desire to provide safer alternatives to mainstream personal care products, which are often laden with synthetic additives. This approach aligns with the growing consumer demand for eco-friendly and ethical products in India. According to a study, consumers in emerging economies, such as India, are increasingly interested in protecting the environment and living sustainably (Sandhya & Nair, 2019).

## **Background**

**Honasa Consumer Pvt Limited (HCPL)** is an Indian digital-first consumer brands company. It is headquartered in Gurugram, India. It was founded in 2016 by Varun Alagh and Ghazal Alagh. As of May 2022, it is valued at \$1.2 billion company. Honasa Consumer pvt limited was founded in 2016 by Varun Alagh and Ghazal Alagh in Gurugram. Mamaearth is the flagship brand of Honasa Consumer Pvt Limited and the company is headquartered in Gurugram, India. It also owns various brands like The Derma Co, Ayuga, Aqualogica.

## **About the Founders**

### **Varun Alagh**

Mamaearth Co-Founder, Get Stuff Done Officer, and the Chief Dad of Mamaearth, Varun Alagh is from the FMCG industry. Varun Alagh has a BE in Electrical Engineering from Delhi College of Engineering, followed by an MBA in Finance and Marketing from XLRI Jamshedpur. Varun has previously worked in Hindustan Unilever, Smirnoff, and The Coca-Cola Company where he managed key leadership roles before founding Honasa Consumer Pvt. Ltd., the parent company of Mamaearth. He is known for the brand management expertise he brings to the table.

### **Ghazal Alagh**

Ghazal Alagh is another Co-founder of Mamaearth, who is also known as the Chief Innovation Officer. Ghazal has completed her BCA in Information Technology student from Panjab University. She then served as a Corporate Trainer at NIIT and later on founded Dietexpert in February 2012 before founding Mamaearth under Honasa in 2016. Ghazal has also completed Intensive courses in Modern Art and Applied Arts from the School of Visual Arts and New York Academy of Art and is recognized as one of the top 10 women artists in India and both nationally and internationally.

“We are a 'mum-powered' company and work with a large number of mothers who are involved in the process, right from ideation, conceptualization to the actual product launch. We believe this connection with mothers will continue to be the biggest driver of success. We have more than 200 young moms on board who help us in conceptualizing and formulating the products. The moms then test these products, and only those with great feedback are approved for mass production,” says Ghazal Alagh.

The workplace culture is open, ambitious, experiment-oriented, and not rigid in terms of hierarchy. All of these make Mamaearth a fun place to work at.

## **Mamaearth - Startup Story**

In the US, there is a strong awareness of the harmful chemicals found in the most commonly used personal care and baby care products. During Ghazal's stay there, she became more conscious of the kind of products she was using and started checking the ingredients list before buying any baby care item.

When Varun and Ghazal were expecting their first child (the couple was in India at the time), they realized that the baby care products they came across contained harmful toxins and safer alternatives weren't available. Since the husband-wife duo couldn't find any safe products for babies in India, they stopped using Indian products and imported reliable products manufactured in other countries. They eventually started ordering products from the US but that turned out to be a costly and inconvenient arrangement. Besides, they also realized that it wasn't just them, in fact, there are one too many parents in India who struggle with the same concern.

However, finding no solutions at hand, Varun and Ghazal Alagh researched the ways they can turn baby products safer and more affordable. They spent sleepless nights over the founding of a new brand, created a dedicated R&D team for it, and applied for appropriate certifications.

All of these ultimately gave rise to Mamaearth, and it soon became Asia's 1st brand to offer "MADE SAFE" certified products that were toxin-free and loaded with the natural goodness that babies deserve.

"We are on a mission to reduce parental stress & are continually improving and innovating to make the world a safer place for both babies and their parents," adds Ghazal Alagh.

Mamaearth was initially started with an investment of around Rs 90 lakh, which Varun and Ghazal invested out of their own pockets. This was later followed up by the Seed investment in 2016.

### **Consumer Attitudes and Purchasing Behavior**

The rising environmental consciousness and health awareness among Indian consumers have significantly influenced their purchasing decisions (Rathnayaka & Gunawardana, 2021). Consumers are more willing to purchase organic and sustainable products, even if they may be priced higher, as they prioritize the benefits to their personal health and the environment. Furthermore, personal values play a crucial role in driving consumers' purchase intentions for organic products in emerging markets like India. The shift in consumer attitudes towards environmentally-friendly products is reflected in their willingness to pay a premium for products that align with their personal values and environmental concerns (Jaiswal & Kant, 2017).

### **Mamaearth's Business Model**

Mamaearth's business model can be characterized as a digitally native, direct-to-consumer (D2C) approach with a strong emphasis on community building and content-driven marketing. Here's a breakdown of key components:

**1. Direct-to-Consumer (D2C) Focus:** Mamaearth primarily sells its products directly to consumers through its website and online marketplaces. This allows them to control the customer experience, gather valuable data, and build direct relationships with their target audience. (Mitter, 2021) highlights Mamaearth's focus on increasing customer lifetime value

and creating repeat buying behavior through D2C channels. They emphasize the importance of personalized engagement and data analytics.

**2. Community Building:** Mamaearth actively engages with its target audience through social media and other online platforms, fostering a sense of community around its brand. This strategy helps build brand loyalty and generates valuable user-generated content.

**3. Content-Driven Marketing:** Mamaearth invests heavily in creating informative and engaging content related to natural personal care and parenting. This content marketing strategy helps attract potential customers, educates them about the benefits of natural products, and positions Mamaearth as a trusted source of information.

**4. Product Focus:** Mamaearth offers a wide range of personal care products, including skincare, haircare, and baby care, all formulated with natural and toxin-free ingredients. This product focus aligns with the growing consumer demand for safe and sustainable personal care options. (Mamaearth's Natural & Toxin Free Skin Care Products, 2023) mentions Mamaearth's natural and toxin-free skincare products.

**5. Expansion Strategy:** While starting as an online-first D2C brand, Mamaearth has also expanded into offline retail channels, further broadening its reach. This omni-channel approach allows them to cater to a wider range of consumers and strengthen their market presence. (2024) discusses Mamaearth's expansion plans, including international growth and a focus on scaling its India business with multiple brands.

**6. Funding and Growth:** Mamaearth has secured significant funding, enabling its rapid growth. Traxcn provides information on Mamaearth's funding rounds, indicating a successful trajectory. They've achieved "unicorn" status, signifying substantial investor confidence in their business model.

**7. Emphasis on Data and Analytics:** As noted in (Mitter, 2021), Mamaearth uses data analytics and listening tools to understand consumer behavior and personalize its marketing efforts. This data-driven approach is crucial for optimizing their D2C strategy and maximizing customer engagement.

## Mamaearth Acquisitions

Mamaearth's parent company, Honasa Consumer, has acquired several brands (Business Standards), including Dr. Sheth's, BBlunt, Momspresso, CosmoGenesis Labs, and more.

### Acquired brands

- **Dr. Sheth's**

Honasa acquired a majority stake in the premium skincare brand in May 2022 for INR 28 Cr. The acquisition helped Honasa strengthen its position in the personal care segment.

- **BBlunt**

Honasa acquired the haircare brand for INR 135 Cr.

- **Momspresso**

Honasa acquired the content platform for INR 167.9 Cr. However, Honasa pulled the plug on Momspresso ahead of its IPO because the business didn't deliver the expected long-term value.

- **CosmoGenesis Labs**

Honasa acquired the cosmetic formulation and development company for around INR 4 Cr. The acquisition helped Honasa strengthen its R&D capabilities.

Other acquisitions The Derma Co, Aqualogica, and Ayuga.

Benefits of acquisitions

These acquisitions helped Honasa Consumer strengthen its position in the personal care segment and expand its product offerings. They also helped Honasa Consumer scale its brands and accelerate their growth.

### **Mamaearth - Growth and Revenue**

When Mamaearth was launched in 2016, it had only 6 products in its catalog. The product range now comprises more than 140 natural and toxin-free products.

The company is hailed for the growth it began to achieve since it launched. Mamaearth scaled fast with 30 lakhs in revenue within just 6 months of operations. Mamaearth began to sell entirely online, where the customers were new. The brand began to acquire consumers directly. Mamaearth achieved the landmark of 2 crores in revenue, but that was not the best that Mamaearth successfully achieved. The company then onboarded Shilpa Shetty as its angel influencer, thereby ushering in an influencer mom. With this, the company soon reached the milestone of 100K customers, and by 2019, it achieved Rs 25 crore in revenue. By 2020, Mamaearth reached the 100 crore mark in revenue within just 3 years of operation.

With the Covid19 outbreak, Mamaearth simply got a Covid booster in its growth. The physical stores were closed down, but the sales of the Varun and Ghazal Alagh-led brands simply skyrocketed online. The company received Rs 460 crore in revenue by the end of 2021 and in the wake of 2022, it turned unicorn.

Here's delving into the growth highlights of Mamaearth:

- Popularly hailed as the fastest-growing D2C brand in India, Mamaearth crossed the Rs 100 crore mark in just 3 years.
- Prized for its organic products, Mamaearth is Asia's first brand with a MadeSafe certification
- Mamaearth is recognized for its plastic recycling initiatives, one of the few Indian brands to do so
- The company has, Samantha Ruth prabhu as a brand ambassador who often speaks of the genuineness of the products that Mamaearth delivers
- Mamaearth has over 5 million customers over 500 odd cities
- Currently mamaearth valuation is \$1.2 billion.

### **Mamaearth - Partnerships**

## **Ribbon Movie Partnership**

The organic customer products brand partnered with Ribbon, the film that starred **Kalki Koechlin and Sumeet Vyas** in 2017, prior to its release on 3rd November. It became the 'Official Mama's Partner' for the movie.

## **MoEngage**

Mamaearth partnered with MoEngage in April 2020, and with this partnership, the company will enhance customer engagement.

## **Essence**

In December 2020, Mamaearth and essence announced their partnership; essence will be in charge of the company's media planning and activation, brand development, and awareness campaigns.

## **Anita Hassanandani**

Mamaearth partnered with **Anita Hassanandani** on February 26, 2021. Tv veteran Anita had delivered a baby boy and this is what makes the company's strategic partnership with the new celebrity mother so relevant. With this collaboration, Mamaearth will be expecting growth in the hair care, skin care, and baby care categories.

## **Filtercopy**

In April 2023, Mamaearth and Filtercopy announced their alliance, and they intended to launch the ShaadiWalaGlow Campaign as a result.

## **Yes Madam**

Mamaearth partnered with Yes Madam in April, 2023 and with this relationship, the nation will offer its products, particularly its facial kits, to the public.

## **Snapchat**

Mamearth partnered with snapchat in August, 2023 for creative AR Lens ad in honor of July 29's Lipstick Day.

## **Apollo Pharmacy**

Apollo Pharmacy and Mamaearth has partnered in September 2023 and with this partnership they will expand retail reach in India.

## **Mamaearth - Startup Challenges**

Every organization faces problems in its early years and Mamaearth was no different. Early in its launch, Mamaearth was hit with a growth hurdle wherein it was not able to expand as desired. The team realized the problem had to do with not being sharp about the target cohort, which lead to futile marketing expenditure coupled with minimal customer acquisition.

The core team did an internal rethinking and arrived at the decision to redefine the target group as well as the communication strategy around the target group. Once the team implemented the strategy, it could see significant gains in a short period.

The cosmetics industry is packed up with several dominant companies consisting of both foreign and Indian players that keep up constant competition in the space.

## **Market Penetration and Competition**

The cosmetic industry is a highly lucrative and fast-paced industry where product innovation is the key to success (Kumar et al., 2006). Mamaearth has positioned itself as a brand that sells all-natural products that are free of harmful chemicals (Kumar et al., 2006). According to one study, the market for ecologically-based cosmetics is estimated to reach US \$5.25 billion by 2029, based on a growth forecast with a compound annual rate of 5.18% during the forecast period of 2019 to 2029 (Cubas et al., 2022). This growing trend indicates that consumers are becoming more aware of the risks associated with the usage of many chemicals in cosmetics and the health benefits of natural products.

## **Competitor Analysis and Opportunities**

While Mamaearth has positioned itself as a leader in the natural and sustainable personal care market in India, it faces competition from both domestic and international brands that have also recognized the growing demand for eco-friendly products. Brands like The Body Shop, L'Occitane, and VLCC have introduced natural and organic product lines to cater to this market segment.

## **Mamaearth - Layoff**

Mompresso, a parenting news site owned by Mamaearth, reportedly laid off of 80 to 100 staff from its brand marketing vertical in June, 2023. According to several media sources, the company has decided to shut down MyMoney and Mompresso due to growing losses.

## **Mamaearth - Awards**

- Mamaearth has been awarded the **Young Turks Startup** of the year category at CNBC-TV18's India Business Leader Award 2022.
- Mamaearth was recognized as "**One of the Best Brands**" in India at the 2nd edition of The ET Brand Festival in 2019.

## **Conclusion**

Mamaearth's focus on sustainability and the use of natural, plant-based ingredients has resonated with the evolving consumer preferences in India. By aligning their product offerings with the growing demand for environmentally-conscious and health-focused personal care products, Mamaearth has been able to capitalize on the shifting market trends and establish a

strong brand identity (Sandhya & Nair, 2019) (Rathnayaka & Gunawardana, 2021) (Garg, 2015) (Jaiswal & Kant, 2017). However, as the competition in the natural and sustainable personal care market intensifies, Mamaearth will need to continue innovating and differentiating its products to maintain its competitive edge (Garg, 2015) (Jaiswal & Kant, 2017) (Sandhya & Nair, 2019) (Rathnayaka & Gunawardana, 2021).

Leveraging data-driven insights, fostering strong community engagement, and expanding its distribution channels will be crucial for Mamaearth to sustain its growth trajectory and solidify its position as a leading player in the Indian natural cosmetics industry (Cubas et al., 2022) (Kumar et al., 2006) (Vilha & Quadros, 2005) (Liu, 2022).

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