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MEMBER EXCLUSIVE // MAY 11, 2023 ■ 6 MIN READ /

Amazon Briefing: How DTC tattoo care brand Mad Rabbit harnesses last-minute shoppers

By Gabriela Barkho

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This is the latest installment of the Amazon Briefing, a weekly Modern Retail column about the ever-changing Amazon ecosystem. To receive it in your inbox every week, sign up here. More from the series →

Amazon has become an <u>integral part</u> of growing an online brand — and many brands are increasingly seeing it as a complementary channel to their direct-to-consumer business.

Mad Rabbit, a tattoo care brand founded in 2019, sold via its website for the first couple of years. Since 2021, the company has been expanding to new channels, including Amazon and a few retailers like Urban Outfitters and GNC. After not being on Amazon for a couple of years, Mad Rabbit realized the marketplace is a great tool for impulse buys — which is especially important for the products it sells. Now the company is trying to walk the tightrope of keeping people returning to its website, while also harnessing the amount of shoppers that rely on Amazon for daily purchases.

The company's founders appeared on Shark Tank in 2021, receiving a \$500,000 investment deal from Mark Cuban to help establish the brand further. Overall, Mad Rabbit sales have grown 138% year-over-year since its debut. The company uses typical DTC playbook tools to reach customers — including paid social ads, organic word-of-mouth and an influencer network of professional tattoo artists. However, for the past year, Amazon search has become an unexpected source of customer acquisitions for the brand. With so many people looking for last-minute tattoo care with quick shipping, Mad Rabbit is building an Amazon storefront to service this segment of its customer base.

Today, Mad Rabbit sells its full assortment of ointments and skincare on Amazon, with the exception of select sets that are exclusive to its website. Some of the best-selling products on Amazon include Mad Rabbit's soothing gel — which reduces irritation and supports fresh tattoo healing — and its tattoo balm — which hydrates existing tattoos. These now account for 50% of Mad Rabbit's monthly receipts.

Mad Rabbit co-founder Selom Agbitor told Modern Retail that Mad Rabbit's products lend themselves well to last minute orders, in which many shoppers can get their orders within one or two days. This creates a shorter customer journey compared to the brand's typical acquisition.

"People were already searching for Mad Rabbit on Amazon for the first two years we were in business," Agbitor said. The company began testing listing some SKUs at the end of 2020, but its Amazon store launched at the beginning of 2021. Amazon currently has about 300 million active customers. And, according to <u>eMarketer</u>, Amazon accounts for about 40% of overall e-commerce sales in the U.S.

"The timing was good for us in terms of strategy, because we had been making people aware of us online," Agbitor said. "We can get away with spending less on Amazon than on social platforms because the search traffic is already there." While he didn't disclose Mad Rabbit's marketing budget breakdown, he confirmed that the high return on Amazon ads has resulted in the company prioritizing the platform when spending on paid posts.

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Erin Murray, senior vp of marketing at Mad Rabbit, added that people "often realize the day of their tattoo appointment that they need a product for after-care and will search on Amazon and order that same day." Murray explained that because Amazon is the biggest go-to marketplace for quick delivery, the platform is increasing the conversion rate among high-intent audiences. To ensure appearing in relevant search results, the company has been heavily investing in Amazon's sponsored keywords like "tattoo care" and "tattoo cream"

The brand has also been able to migrate Amazon shoppers to its own website and introduce them to products designed for long-term tattoo care. "Amazon is an essential part of our omnichannel strategy and we've seen it drive a halo to our DTC site," Murray said, noting that AOV is at an all-time high and the customer return rate is up year-over-year. To amplify this effect, the company displays its website, customer service email and phone number on all product packaging received by Amazon customers.

Agbitor said that with Amazon, high velocity and the resulting 5-star reviews has helped the company gain higher visibility in search results. He emphasized that authentic reviews also help create a sense that Mad Rabbit is a credible brand with real-world presence, saying that "the more they [reviews] stack up, the more it helps us with category ranking." A lot of times, Agbitor said that third-party sellers use generic product photos, "so we make sure our product pages stand out with original description and imagery."

"The main challenge is in trying not to be out of stock, because people will end up buying from another seller when they need the product fast," he said. As such, Mad Rabbit ensures restocking with Amazon warehouses every two weeks or based on the units sold during that period. "So if we know Prime Day is coming up, we make sure there is enough product way ahead of time," Agbitor said.

There are also some downsides to selling on Amazon – <u>many of which</u> direct-to-consumer brands have spoken about in the past. One of the biggest concerns, Agbitor said, is having Amazon cannibalize the brand's DTC business. He added that there is little customer data that Amazon shares, which means Mad Rabbit only sees orders coming in. "Whereas, through Shopify, we can see how many times a person has visited or what products they browsed," he added.

Then there are risks of account suspension and deactivation notices, which Agbitor says is prevalent in skincare listings. "There are always random complaints about the listings, like using certain images Amazon deems inappropriate," he explained.

David Schneidman, director at Alvarez & Marsal Consumer Retail Group, said that because the majority of e-commerce shoppers start their search on Amazon, the platform has become an important discovery tool. He noted that this is especially true among specific categories, including toiletries and tattoo care, in which people with Prime accounts head to the marketplace first for orders.

"With Amazon, you're not paying for acquisition costs directly, so if you have a legitimate brand, you can drive more consideration when sitting alongside a product from a generic seller," Schneidman said. This pattern is also why more and more, digitally-native brands are incorporating Amazon stores into their channel strategy. "DTC brands might not know every shopper's data, but that's okay because they're unlocking so much awareness and repeat purchases," Schneidman explained.

Despite the challenges that come with running an Amazon business, Agbitor said it serves an important role for serving customers who don't want to wait five to seven days to receive their orders. "This is especially true for those who already know us and just want to replenish products," he said. Repurchasing is another Amazon opportunity for Mad Rabbit, with Agbitor confirming that subscribe and save is growing month-over-month. "As long as our Shopify site stays bigger, we don't mind continuing to grow Amazon," he said.

Correction: An earlier version of this story erroneously said Mad Rabbit was available at Walmart. It has since been corrected.

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- Amazon <u>is widening</u> its video distribution beyond its Prime service. The company said it would begin licensing its titles to media outlets.
- In a unsurprising move, Amazon is entering the AI race but with a B-to-B spin. The company is <u>reportedly</u> building out a team that will make AI tools to help advertisers create assets easier.

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