

News monitored for: Mydala

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MARKET METRICS

"The appetite for good deals is higher in tier 2 and tier 3 cities than the tier 1 cities. Mobile internet penetration is also extremely high in tier 2 and tier 3 cities of India"

ANISHA SINGH, FOUNDER AND CEO, MYDALA.COM

Talking about diversification and possibilities of expansion in other areas, Anisha Singh, founder and CEO, Mydala.com, says, "I am not going to say that we didn't think about it. It is obvious to get tempted learning from success stories of other e-commerce businesses around. Also, when a business model is maturing, one tends to look in different directions to identify the best way forward. Having said that, our business model was always deals and it continues to be our core proposition."

Mydala's merchant marketing platform works on a simple promise: "To market a merchant, we offer whatever platform the merchant requires or suits him best. If a small restaurant in Mumbai approaches Mydala and says it aspires to market itself on some local television network or is looking forward to a newspaper ad, we can offer it what it wants. We do certain amount of promotion around that for which we charge the merchant. All our initiatives, in the end, is aimed at driving customers to the merchant," she elaborates.

Here the problem is the high customer acquisition cost, because, of the total number that surfs the net, only 1.5-2 per cent actually buy the deal. This also has a bearing on consumer loyalty, on making sure that people keep coming back to a website to hunt for deals. With many tempting deals every day on a plethora of daily-deal websites, customers are spoilt for choice. Warikoo believes the problem is not about whether there was a better deal. It's about having possibly the same deal all around. What, therefore, will tilt the balance in a site's favour is the quality of choice. "A spa is a spa. But why is a five star spa different from a non-five star spa? If you are a well-informed customer, then you would go for your preferred spa. Even if it is coming for a slight premium, you will have the confidence that you will cherish the experience thereon. That's when the loyalty shifts," he says.

The problem is, most daily deals sites focus on the non-essentials, such as spa treatments, restaurants and entertainment venues, the very things most of us can do without. And even if we do opt in for the deal, it's doubtful we'll be repeat customers. It's not the business's fault: consumers are getting smarter and are looking for deals with more relevance.

Building loyalty
There are many ways to promote loyalty. If a site does-