

# For The Farmer's Dog, Word of Mouth Is Key to Customer Acquisition

## ARTICLE |

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**A**fter not seeing enough healthy pet food products in the market, Jonathan Regev and Brett Podolsky, co-founders of The Farmer's Dog, set out to shake up the pet food industry with healthier homemade food designed specifically for different breeds, ages and sensitivities. We recently spoke with Regev, CEO of The Farmer's Dog, about the company's current customer acquisition strategy and the role trial discounts play in acquiring new customers.

### **How has the pet food industry changed since you launched The Farmer's Dog in 2014? What have you learned?**

A lot of pet food companies were marketing their food as if it were very healthy. They had nice pictures of great ingredients on their bags, but nobody had ever changed the product. The [products] all smelled and looked the same; they were all processed the same way.

We learned that people wanted to take care of their dogs and feed them something healthier. So we decided to [launch] a healthy product.

### **What do you think has been driving the shift to online subscription services like this, as opposed to just buying in a store?**

There's been an infrastructure change that allows a company like ours to even exist. Technology and delivery infrastructure has improved. People's comfort with buying something online has also changed over the past decade. All those things have allowed us to exist, but the desire to feed [dogs] this type of food is not something new.

### **How are consumers learning about your product?**

People are finding out about us through their friends, the dog park and media such as out-of-home [OOH] ads, TV and social. Earlier this year, we started trying out different ways to get our name out there, and we're seeing people coming in from a variety of ways. Our most successful channel is word-of-mouth, and sometimes our advertisements are that extra push that they need.

### **How has your customer acquisition strategy evolved in the past year?**

A big portion of acquisition, as far as strategy for us, is looking at our customers and what we'd call a life cycle. First, are they aware of us? Once they're aware, do they understand what we're doing, and are they educated about the tropes of typical pet food and the benefits of fresh food? We're playing with this mix of how we gain awareness and making sure people know we exist, because a huge portion of people are already seeking out a product like ours.

Then there's a second component, which is how we educate people about the benefits of this product and potentially the downsides of commercially, highly processed pet food.

When it was just Brett and I—and we're a bootstrap company—we really relied on word-of-mouth, meeting people face to face, and meeting with vets and then vets recommending us to their clients. So, very one-to-one, high-touch marketing if you will. As we started to grow the team, we were able to do a few more things, and also from a capacity standpoint, we started to try digital marketing and how that scales on social channels. As we grew, our customer base and our team grew. We started to dip our toes into much more evolved campaigns, like advertising on TV and OOH. Every year has been an entirely different strategy on how to get more dogs to eat fresh food.

**You mentioned quite a few channels. Do you find that one channel in particular is giving you greater return on investment?**

No, there's a constant state of arbitrage. That happens when you have different channels and you're able to see, via attribution, what's effective this month, or if something is more effective the next month. There isn't one particular channel. We're pretty diversified, especially looking at this month and the prior one.

There are a lot of channels that we're investing in, and a lot of things that are working right now. The one that we care most about is our referral. Not necessarily incentivizing somebody to refer, but how many people are hearing about us through word-of-mouth. When you see tangible benefits and an impact, you end up talking to your friends about it. And that's something we're always focused on.

**To what extent are trial discounts involved in acquisition, and how do you prevent customer churn once the subsidy goes away?**

We frame our food as a weekly price. Most people don't know how much they spend on typical dog food. What we found is that we want to make sure people understand what the cost is and that they can fit it into their budget. For most people, if they're going to make a change like this, they're going to want to continue. It's not a product that you say, "Oh, well let's try it for fun." People will typically look at our product and say, "I need that, my dog needs that, and I want to make sure I can fit into my budget," and as soon as they make that decision, that's typically what we would call a qualified customer.

For us, the use of a trial discount is [there] because there's always that element of the unknown for them: "What if my dog doesn't like it?" "What if it's not represented well on the website, and it's completely different? or "What if it actually smells like processed food, and it's not really different at all? That trial essentially says, "Hey, we stand behind our product. You can try it." So, most people aren't looking at the trial like, "Oh, I'll just get this because it's on sale." It's more like, "I wonder if this company really does what they say they do."

## **And are consumers staying after the trial period has ended?**

Yes, entirely. One of the challenges we face is that we are online only. We're not sold in stores. And a big reason for that is because we want our product to be fresh and convenient—and not convenient in the sense that we'll send it to you at home, but when you're dealing with a fresh product, you're not just scooping some dry food from underneath the sink into a bowl. It has the opportunity to become a lot more complicated, and the way we simplify that is by understanding the size and need of the dog, and we'll preportion it for them.

At that point, it's so different from everything else [owners] have seen in the pet food world that they tend to subscribe, especially if they feed it to their dogs and start to see a lot of these tangible benefits. That's become pretty powerful.

## **Are you thinking about physical storefronts down the line?**

There's an appeal to being able to speak with customers face to face and allow them to see the product. There are also challenges. Anytime you were to buy food like ours in a store, you're going to have some challenges. We're going to have to make compromises on the food itself, in order to actually stock it and put it in a physical setting.

There's these compromises where we're exploring some physical way of connecting with our customers without necessarily compromising products.