Q&A: Uncommon Goods' Brian Hashemi Talks Social Media Investments and Customer Retention

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The retail industry has faced major changes this year, both good and bad. Companies have had to adjust budgets, reimagine marketing efforts and adapt to new consumer behaviors. Uncommon Goods, an eco-conscious online and catalog retailer of unique gifts, is no stranger to this variety of operational shifts brought on by the pandemic.

We recently spoke with Brian Hashemi, the brand's head of marketing and analytics, about how it has adapted to new supply chain logistics, what it is doing to retain new customers, and the pros and cons of TikTok advertising.

How has the pandemic affected Uncommon Goods?

We had to completely shut down our main distribution center in New York City for two months. But since it reopened, we've been trying to figure out how to run it effectively while maintaining social distancing.

Another issue is that lot of our vendors have faced similar supply chain disruptions, all while customer demand skyrocketed. We've had to focus on how to be more efficient and how to drive revenues at the lowest stock-acquisition costs, so that we don't inundate our operations.

We're also putting together contingency plans in the event that a second wave hits New York during the holiday season.

Have you had to scale back in any way?

On a top level, no. We've definitely scaled up our investments, which we're able to do at this time of the year. During the holiday season, we might not have that luxury.

However, I would say that it's not the same for all channels. We've scaled up in some areas, like Facebook. There have been good opportunities to drive very low-cost acquisition there. So, we've taken advantage of that and dramatically ramped up our ad investments.

Meanwhile, in other areas like direct mail, there's a much longer lead time to that investment, and you're locked into it. Because of all the uncertainty, we've scaled back spending on those kinds of ad formats.

Many brands are investing in TikTok advertising. Has Uncommon Goods done the same?

Yes, we've seen products just take off on TikTok, and there have been times that it caught us by surprise. We wondered, "Man, why is this thing selling so much today? It's really going crazy." Then we traced the surge back to a viral TikTok video.

Our products have had a few organic successes like that, which made us want to invest more in the platform. So, we've started experimenting with advertising on TikTok, as well as working directly with influencers. In both cases thus far, we have been unable to replicate the success of the organically viral products that have done well for us. The conversion rates are really low, but we're still optimistic. We'll definitely continue investing and learning about those channels.

Have you seen a rise in new customers? If so, what are you doing to retain them?

We saw record levels of customer acquisitions in Q2. We've had a lot of concerns about the lifetime value of these customers, because a large portion of them are coming through transactional channels that are normally associated with lower levels of repurchase behavior.

So, we have put a lot of emphasis on our retention efforts with these cohorts. We increased our email opt-in acquisitions and recently leveraged SMS as a new retention method, which has been going very well.

We've also done a lot more testing around our loyalty program, called "Uncommon Perks," which now has a free two-week trial.

Can you elaborate on the SMS program?

We send out weekly broadcast messages that highlight new products, sales or whatever is going on at the company.

Our investment in SMS was a project that we started last year, but I think it's worked out really well amid the pandemic. The response rates we see for SMS are, on average, about 10 times higher than for email. But we can't send SMS messages at the same frequency as we do emails, so there's definitely a little back and forth regarding which channel is better for us.

What's next for Uncommon Goods?

Our road map has completely changed. Going into the year, we were highly focused on exploring new acquisition models, diversifying beyond the Facebook and Google duopoly, and finding other ways to effectively grow brand awareness.

Acquisition is not a problem for us, and we're much more focused on efficiency. So, if we have a limited amount of operational capacity, how do we drive that level of business in the most profitable manner? To a degree, we've shelved our branding campaigns for a while. We're back to focusing much more on lower-funnel, higher-ROI [return on investment] performance marketing.

I'm sure that we will switch back at some point, and that upper-funnel acquisition will become relevant again in a post-pandemic world, but that's been pushed back by roughly a year.