

# Big skinny case essay sample

[Economics](#), [Trade](#)



1) What should Kiril focus on next? What should be his highest and lowest priorities? Why? With the difficulty that Kiril is experiencing with the online marketing of Big Skinny, Kiril needs to first focus on a strong online marketing to draw new customers. With Big Skinny's success at the street fairs using the in-person sales method, it is clear that the wallets can be successful and self-selling given the proper tools. In order for new marketing efforts to be successful, Kiril needs to develop a digital market that features a mixture of long-tail marketing, behavioral targeting, and Internet advertising formats. This technique will help Big Skinny achieve a global reach through media richness by using support such as rich messages, audio, video, and interactivity by getting the customer engaged with the product. With information density, Big Skinny's customers will have access to more quality information and a greater price and cost transparency while personalization will allow the products to be customized to individual preferences.

The socio-technology will help promote user content through social networking with the use of search engine marketing –such as search engine results pages (SERPs) and search engine optimization (SEO), internet ads and social networking outlets such as Facebook, YouTube, Twitter, etc. While building a strong marketing campaign is a high priority, identifying the distribution channels for Big Skinny wallets. By establishing a strong online presence, it will be easier for Big Skinny to engage with online distributors. The process of choosing online distributors should be a very selective one because the message and promotions presented about Big Skinny and its

products needs to be the same across all distributors. This will help avoid the giving away free wallets to 4, 000 people.

2) Evaluate (quantitatively) Big Skinny's sponsored search strategy. Are there any search keywords for which you would encourage Big Skinny to increase its bid? To lower its bid? An in-depth analysis of exhibit 4 indicates that Big Skinny's recent sponsored search strategy is not effective. In fact, Big Skinny is over bidding for many keywords which do not generate any profit for the company. However, first of all, it is necessary to go over the methodology which has been used to analyze Big Skinny's sponsored search data. It is noteworthy to point out that there is no information about the profit per conversion provided in exhibit 4. Our team assumes the profit per conversion is approximately \$20 which is equal to the average price of Big Skinny's products listed on Big Skinny's website. With this assumption, the total revenue of each keywords is calculated based on the following equation:

Total Revenue = Clicks x Conversion Rate x Profit per conversion  
The total revenue per keyword subtracting the total cost per keyword will provide the total profit per keyword. By implementing this method to study exhibit 41, it is apparent that Big Skinny is over bidding for keywords such as leather wallet, thin leather wallets, thin clutch wallet, thin credit card wallet, best thin wallet, thin trifold wallet, world thinnest wallet, super thin wallet(s), thing sport wallet, thinnest wallet ever, thin super skinny wallet. Among these keywords, leather wallet is the only keyword that leads to final sales. However, there were only 3 sales occurs out of 12, 335 impressions. As a

result, the conversion rate of this keyword is only 2.91% which is the lowest conversion rate among all of the keywords that generated final sales.

Leather wallet is also the only keyword that does not yield profit among all of keywords that generated final sales. Thus, it is recommended that Big Skinny reduce its bids for those unprofitable keywords, especially for leather wallet.

They might even consider about the possibility of eliminating some of them considering the fact that all of those keywords, except leather wallet keyword, lead to no final sales. Using the same methodology, we recognized that thin wallets resulted in the highest total profit per keyword. In comparison, “big skinny” keyword generated the highest profit per conversion. Nevertheless, the fact that prospective customers who search for “big skinny” keyword might have already had interest in purchasing Big Skinny products from the beginning overstated the profit this keyword generated. Therefore, it is obvious for Big Skinny to increase its bid for thin wallets keyword but maintain the same bid for “big skinny”. In addition, the firm can also bid higher for other profitable keywords, including “thin wallet”, thin leather wallet, world’s thinnest wallet, and ultra thin wallet(s).

3) How effective is Big Skinny using social media to sell its wallets? What are the ways to improve its effectiveness? What are the costs involved in such approaches? Big skinny is suffering from the major problem of ‘generating new customer traffic’ on its website and this problem is getting worse as internet users are conditioned to ignore online advertisements. While purchasing wallets online, the keyword “Big Skinny” may not cross the minds of the customers who are not aware of the brand and its products. The

“ AddThis” website applet, Facebook fan page and Twitter feed was being maintained to increase interactions with the fan base. But the main question was, how can Big Skinny target its potential customers and increase traffic to its website to promote online sales? The effectiveness of Social Media can be improved depending on what metrics the marketing managers focus on.

The authors D. Hoffman and M. Fodor in their article “ Can You Measure the ROI of Your Social Media Marketing” state that instead of focusing on their own marketing investments and calculating the returns in terms of customer response, the managers should begin by considering consumer motivations to use the social media and then measure the social media investments customers make as they engage with the customers brand. The best practice in Big Skinny’s case is attract more people to the Big Skinny’s Facebook page with the help of present Big Skinny fans. Big Skinny can give away free wallets as a social media marketing campaign on their social media page, if the existing fans share their Big Skinny online purchase on Facebook and/or twitter.

This will attract more people on the social media page. The new and existing fans will get a promo code for their subsequent purchases on the fan page and this way Big Skinny can track if their online promotion campaign is effective. Additionally the wallet company can also invite participants to design their wallets as a campaign of their social media page to involve them and generate engagement. The costs associated in increasing social media effectiveness are variable and depend on the kind of engagement the company wants to incorporate. The main cost is payments made towards the

content creators, hired to create effective messages across various social media platforms. Moreover, the cost would increase if and when Big Skinny will launch social media campaigns and offers giveaways to promote their business.

4) Should Big Skinny expand its partnerships with online distributors? Big Skinny's products can be considered to be niche products that are hard to find elsewhere, and Big Skinny can be considered to be the pioneer of the thin and light wallet category. Although partnering with online distributors will solve Big Skinny's biggest problem of finding new customers and attracting "passers by" on the Internet in turn providing Big Skinny with a new customer base (as well as handling order fulfillment & logistics in some cases), Big skinny should not expand its partnerships with online distributors due to the following reasons – Online retail behemoths like Amazon act like "bullies" and try to dictate terms to small businesses who partner with them, which in turn reduces control the businesses have on their products, prices, delivery times and policies. At times, the owner is left with little control over the terms of which he/she sells and ships products. Amazon is known to force its mantra of operational efficiency on its partners, even though the smaller partners might not have the resources or the scale to implement such efficiency.

For ex., Amazon at times coerces businesses to offer two-day or even same-day delivery in keeping with its brand, even though smaller partners might not be able to do so. Once you partner with an online retailer, it is hard to pull away and cancel the contract if you're not satisfied. In the event that

you do succeed in terminating the relationship, the online retailer by then has enough information about your products, prices, target market, etc., which doesn't stop it from making and selling the same products itself, possibly at a lower cost. At this point, the online retailer can turn into a competitor from previously being a partner. A good example of this is the Amazon-Hachette debacle<sup>2</sup>. Although online retail portals have the capabilities to handle large no. of transactions, including charging customers' credit cards, they charge relatively large commissions on sales (upto 15% on some items). Adding to that, payments from the online retailer to the small business are made at a later date (usually weeks later) and not on a daily basis.

Another reason is that partnering with online retailers gives customers the power and the channel to express their disappointment by writing negative reviews, which in turn could lead to massive drop in sales. Even one negative review on a site such as Amazon can hugely impact sales and the reputation of Big Skinny. One of the main reasons people shop online is because of the trust they have in reputed online retailers like Amazon. Therefore, in order to maintain customer-loyalty, large online retailers have to be more customer-centric than partner-centric. In the event of a dispute, they would more likely favor the customer than the seller, even though the seller might be right. And finally, keeping a track of inventory levels across various online retailers could be a challenge, and additional manpower would be needed to handle this process.

Thinking that one can only cater to the long tail of the demand spectrum with the help of online retail giants is a misconception. Search engines, social media websites and blogs have made it possible to market niche products to consumers around the world. Big Skinny should think long-term and develop its own capabilities to sell its products through its website, where it would be able to control every aspect of the customer experience such as product display pictures, prices and promotions, shipping and delivery times, etc. The costs of partnering with online distributors, in the end, outweigh the benefits.