

Big skinny

[Business](#), [Marketing](#)



In 2010, Big Skinny CEO Kiril Alexandrov was looking to transcend from retail distribution and print advertising to the world of online marketing to achieve maximum growth. The retail sales pitch was an easy one, as Alexandrov focused on the value of the wallet and the impulsiveness of consumers (Benjamin & Kominers, 2012). Unfortunately, translating this type of sales pitch was much harder to do in the world of cyberspace. Big Skinny centered their online marketing efforts around display Ads, keyword searches, social media and relationships with online distributors and deep discounted sites such as Amazon and Groupon respectively.

The expansion caused much hardship, as Big Skinny received negative feedback on the review website Yelp that stemmed from their Groupon experiment. They also faced a glitch in their online promotion that allowed 4,000 people to order free wallets from their online store. Big Skinny needs to refocus their online marketing strategy by getting rid of display Ads, refining keyword searches and severing ties with deep discounted sites. Big Skinny can create value for their product and manage their orders better by being more selective with who distributes their product and by keeping the price steady.

A more seasonal approach surrounding keyword searches can create new revenue from those who are looking to make quick and impulsive purchases. Lastly, by being responsible for who distributes their products, Big Skinny can deliver their product in prompt and timely manner, which will resolve the majority of customer complaints against Big Skinny. Problem Statement Despite successful in-person sales campaigns, Big Skinny struggled to find

an effective online marketing platform that would grow and connect them to their consumer base.

Big Skinny also ran into glitches with their current online marketing campaigns that brought unwanted negative attention and resentment towards the company. Data Analysis When Big Skinny transcended into the world of online marketing, it had to develop a way to attract visitors to the website while attempting to convince these visitors to buy wallets. Since most of their wallets were being sold at trade shows or retail stores that centered on a straight-forward approach regarding impulse and value, the translation of this strategy to the internet proved to be a tall task.

Big Skinny looked at various means of advertising such as display ads, algorithmic search, sponsored search, A/B Testing and social media. Display ads offered a two-frame animation; however, the click-through rate of general display ads in 2009 was only . 1% (Bejamin & Kominers, 2012). Algorithmic searches use algorithms that the search engine deems most relevant to the user's query. The websites that most resemble the query appear the highest on the search engine's list. Sponsored searches use keywords that the advertisers specify that they want to target.

These are mostly sold on a “ per-click” basis; however the company loses money if the clicks aren't converted into sales. A/B testing is a marketing technique that shows different advertisements to different users to compare the response rates between the two. Lastly, social media utilizes websites such as Facebook and Twitter to try and create an interactive relationship with consumers.

1% of the time the money is essentially thrown away. Investing in A/B testing requires the hiring of a permanent person and huge overhead. Getting rid of online distributors allows Big Skinny to eliminate the 7-15% commission they pay to Amazon and eBay while being able to manage their order load. Social Media is more than enough because 71% of social media participants say they are more likely to purchase from a brand they follow online. 91% of local searchers say they use Facebook to find local businesses online (Bennett, 2013). The cons of this are that they are missing out on a lot of potential customers by eliminating Amazon and eBay.

While online paid marketing can be expensive, there is still benefit to sponsored searches. Some of the cost per conversions are profitable and by completely eliminating these searches would be throwing away potential opportunities. The pros of Big Skinny being more selective with their online distributors allows for a happy customer base. There have been several negative reviews on the Yelp site regarding slow delivery and non-existent customer service. By eliminating deep discounting sites such as Groupon, Big Skinny can manage their order load and keep customers happy.

Big Skinny would also keep the revenue from the top paid sponsored searches rather than eliminating them all together. The negatives of this are that Big Skinny could miss out on a lot of revenue by not using Groupon or Living Social. They could also miss out on the repeat customers that are generated by these sites as well as missing out on the people who want to try their product without having to pay full price. Instead of eliminating sites like Groupon and Living Social, Big Skinny could embrace the huge influx of customers that it brings.

According to the customer satisfaction and analytics company ForeSee, 91% of customers have already or plan to conduct business with the merchant since buying the deal (Bedigian, 2013). This strategy generates a large influx of customers in a short time while attempting to generate residual income by repeat customers. The cons of this are that company's often lose money during the initial Groupon. The product is discounted by 50% or more and then Groupon takes a 50% commission on the sale price, which leaves the seller receiving only 25%

of the original selling price of the item (which in some cases is less than the cost of the item). Forbes has found that 1/3rd of businesses have lost money on a Groupon deal and there is no guarantee that the customers ever return to pay full price from the merchant again (Gleeson, 2012). The pros of using a more traditional advertising medium such as TV or radio would bring brand recognition for Big Skinny. Big Skinny has always had success selling in retail stores because they market their products based on value and impulse.

By putting the product in more retail stores, there is a greater chance people will put it in their hands and buy on impulse. Instead of targeting just one big audience, Big Skinny should advertise by target market such as Big Skinny Sport or Big Skinny Women. By doing this they could partner with big retail chains to get into more stores and generate more revenue the old fashioned way. The average time an American spends watching TV is 5 hours compared to just 1 hour browsing the internet, which leads for greater exposure.

The cons of doing this are that TV advertising is much more expensive than online marketing (Nielsen, 1997). Another con is Tivo allows people to record

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their favorite shows and then fast-forward past the commercials. The last con is that TV advertising seems to be a thing of the past, as the amount spent on TV advertising was only up 4. 5% in 2011 as compared to 21. 7% via online marketing (Gleeson, 2012). Recommendations Based on the data, it is best for Big Skinny to be more selective of their online distribution, while tailoring their paid sponsored searches to generate interest and sales.

In regards to online distribution, Big Skinny should keep eBay and Amazon, however, should drop deep-discount sites such as Groupon or Living Social. To offer a Groupon deal, Big Skinny is guaranteed to be taking a loss. To be eligible to offer a Groupon, Big Skinny must discount the price of their wallet by at least 50%. This turns a \$20 wallet into a \$10 wallet. Groupon takes a commission of 50% on the sale price, which leaves Big Skinny walking away with only \$5 for every wallet sold (Bice, 2012). Essentially, they are taking a loss with every wallet they sell on Groupon.

The goal of a Groupon is to try and get repeat customers; however, the people that use Groupon are bargain-hunters. They won't return to Big Skinny, but rather, they will return to Groupon again looking for another bargain deal. By using Groupon, Big Skinny also decreases the value of their brand (Gibbard, 2011). Why would a customer pay full price for a \$40 wallet when they just bought it on Groupon for \$15 or \$20 just a short time ago? In addition to dropping Groupon, Big Skinny needs to manage their online distribution better because of customer satisfaction issues.

On the review site Yelp, Big Skinny's wallets are only receiving a rating of 2. 5 out of 5 stars. A lot of the reviews include gripes about not receiving their order for 3-4 weeks or non-existent customer service (most of the negative

reviews are from users who bought a Big Skinny wallet on Groupon). If the online distributor doesn't ship your product in a timely manner, your company risks a tarnished reputation. Whether Big Skinny didn't have enough stock to fulfill orders or whether Groupon didn't ship the products in a timely manner, Big Skinny is taking the fall and abuse from customers.

When people do research for a product they are going to see Big Skinny's products with poor ratings. These poor ratings can scare potential customers away. Big Skinny should only use Amazon, eBay and their website to sell their wallets. This allows them to manage their inventory, not get behind on orders and make sure their product gets shipped in a timely manner. Big Skinny has excellent Amazon ratings and should continue to grow their product through the sterling reputation of Amazon. They should sell the product for a higher price on their website so that people are encouraged to buy through Amazon.

This is a win-win for Big Skinny because if people buy through Amazon then Big Skinny doesn't have to waste time and effort fulfilling and shipping orders. If they choose to buy direct then Big Skinny receives a larger profit on their wallets. Lastly, Big Skinny needs to tailor their sponsored keyword searches. They need to eliminate the term " leather wallet. " They don't manufacture a true leather wallet and the cost per conversion for this keyword is a sky-high \$20. 26. Big Skinny should also bid less for the term " thinnest wallet. " The cost per conversion for " thinnest wallet" also has a high cost, which is \$10. 53.

After replacing leather wallet and lowering the bid for thinnest wallet, Big Skinny should add keywords centered on holidays. Wallets are popular gifts

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on occasions such as Father's Day and Christmas. Big Skinny should add season keywords such as " Father's Day Wallet," " Wallet for Dad," " Best Wallet for Gift" and " Wallet for Christmas. " This will bring seasonal shoppers into the mix who are looking to spend quickly and impulsively. Action and Implementation Plan CEO Kiril Alexandrov will be responsible for delegating the following tasks.

The Director of Marketing will pull any promotions or future plans with deep discounted sites such as Groupon or Living Social. The Director of Marketing in combination with the Director of Product Management will reach out to all of those who left negative reviews on Yelp to satisfy the customer complaints and retract the negative ratings. The Director of Sales will carefully select the online distribution channels which Big Skinny will sell through. Big Skinny will only sell through Amazon, eBay and any online outlets of the retail stores that they are currently featured in.

The Director of Sales will also raise the prices of wallets on the Big Skinny Website by 10-15% to create value for the product and promote customers to purchase through the select online distribution. Doing this saves Big Skinny the time it would take to fulfill and pack orders, however, if a customer decides to purchase direct, then Big Skinny recoups the 10-15% it would pay Amazon or eBay to sell and fulfill the order. This new price point will be conveyed in a message from the Director of Sales to Big Skinny's distribution channel.