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Online Marketing at Big Skinny

As Big Skinny CEO Kiril Alexandrov bicycled to work one sunny afternoon in August 2010, his mobile phone began to ring incessantly. His marketing director and wife, Catherine Alexandrov, was on the line with big news: "4,000 people just ordered wallets through our online store!" But there was a problem: because of a glitch in an online promotion, most of those wallets were being given away for free. Kiril took a deep breath and began to rethink his online marketing plans.

Just a few weeks ago, Kiril had been at the top of his game, selling Big Skinny wallets at a Harvard Square street fair. Fairgoers passing the Big Skinny booth carried packed wallets, which Kiril could cut down to size. "Here's a regular wallet, just out of the box," he would say, "and here's a Big Skinny. It's the same thickness, but it's already stuffed with 16 pieces of hard plastic—the national average." Kiril had mastered this pitch, and he could easily sell over 100 wallets in a full-day fair.

Street fair sales pitches had launched Big Skinny, and retail distribution and print advertising had fueled further expansion. But Kiril had bigger aspirations, and online marketing seemed the key to achieving maximal growth. The overwhelming response to Big Skinny's promotion glitch confirmed that consumers were ready to buy wallets online. But reaching consumers over the Internet was challenging. Scores of online ad services offered to help, but they imposed high costs or other constraints. Returning to his office, Kiril planned Big Skinny's next online marketing campaigns.

A Product That Sells Itself?

Wallets are small, lightweight, and often in need of replacement; hence, wallets are natural impulse purchases, often bought as gifts. Thinner wallets are healthier, since carrying a thick, heavy wallet can lead to back pain and sciatica.[1]

Kiril started Big Skinny to offer the world's thinnest wallets and to solve five key problems men and women have with their wallets. (See **Exhibit 1**.) Beginning with the slimmest and most durable microfiber materials he could find, Kiril eventually developed a proprietary material tough enough to be machine-washable. The Big Skinny material was .21mm thick—thinner than a normal business card and about one-eighth as thick as regular leather. The smallest wallets in the product line had no folds and only a few pockets, while the largest bi-fold held up to 40 thick plastic cards along with cash, business cards, and receipts. Fully packed, a 40-card Big Skinny wallet remained less than an inch thick.

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Because the original Big Skinny "sport" wallets were made entirely from nylon microfiber, they were durable, water-resistant, and significantly thinner and lighter than typical wallets. Other Big Skinny models offered leather exteriors with nylon microfiber interiors; this design made even the company's leather wallets visibly thinner than typical leather wallets.

Because potential customers could easily see the difference in thickness, Big Skinny found in-person sales straightforward. Kiril's standard approach was to encourage customers to move their wallets' contents into a Big Skinny. "For $20, your wallet will be that thin forever," Kiril would then explain.

Big Skinny's customers were often its biggest fans. At street fairs, Kiril kept a camera handy, recording video testimonials from satisfied customers who had purchased Big Skinny wallets previously. Other happy customers sought to work for Big Skinny as distributors selling Big Skinny products at future events.

Beyond fairs and festivals, Big Skinny also sold wallets through retail stores and wholesale tradeshows. In its initial expansion beyond in-person sales, Big Skinny began advertising—billboard-style ads in the Boston subway; postcards at restaurants in Boston, New York, and Chicago; half-page print ads in motorcycle, car, and style magazines. But Kiril sensed that online marketing would propel the company still further.

Taking Big Skinny Online

Big Skinny had an Internet presence from the outset. Kiril designed Big Skinny's website, www.bigskinny.net, in collaboration with Catherine. (See **Exhibit 2**.) Kiril hoped the site would define the Big Skinny brand and propel online direct sales. But even with an online outlet, marketing Big Skinny over the Internet presented a puzzle: Big Skinny wallets were typically sold on a combination of impulse and value—straightforward at street fairs and stores, but more difficult over the Internet. Online, it was also unclear how to find suitable consumers—people who might not even know that they needed a new, thinner wallet. Kiril wondered: *How should Big Skinny attract visitors to its site? And how should Big Skinny convince those site visitors to buy wallets?*

Display Ads

In some respects, display advertising seemed like the Internet's closest equivalent to a booth at a street fair. Just as a street fair featured rows of booths hoping to intrigue fairgoers, display ads perched at websites' peripheries in hopes of catching—and distracting—site users.

Big Skinny's favored in-person sales technique, comparing its product's thinness to standard wallets, carried over to the world of display advertising. With a two-frame animation, a Big Skinny ad could showcase stuffed wallets before and after the switch, much as Big Skinny staff presented wallets in-person and in print ads (See **Exhibit 3**.)

Although the rich graphics of display ads offered intriguing possibilities for showing Big Skinny's benefits, display ads also presented important complications. Internet users had largely become conditioned to ignore display ads—a result of often-irrelevant ads that users found distracting. (Google's DoubleClick reported that overall click-through rate on display ads in 2009 was just 0.1%—one ad clicked for 1,000 showed.[2]) If few users clicked the ads, Big Skinny would struggle to attract users to its site, not to mention to make sales. Yet display ads were typically sold on a per-impression basis, requiring advertisers to pay whether or not a user was interested in an ad, and whether or not a

2

user clicked an ad to reach the advertiser's site.[a] Combining low click-through rates with pay-per-impression pricing, display advertising could be a risky choice.

Display advertising would also require Big Skinny to choose where its ads would appear—either specific sites, or groups of sites. Top sites such as nytimes.com sold ads directly to advertisers;[3] Big Skinny could approach several such sites to negotiate prices. Smaller sites typically sold ad placements through "ad networks;" a single purchase from an ad network would put Big Skinny's ad on hundreds or even thousands of sites. Some networks told advertisers where their ads would appear; others considered their site lists confidential. Finally, for greatest reach, some networks brokered placements through "ad exchanges." An ad placed through an exchange could in turn be sold through any network participating in the exchange, and could thereby appear in any site affiliated with any such network. Ad exchanges often offered particularly low prices, but advertisers had to accept considerably less knowledge of where their ads would be shown.

Algorithmic Search

When a user ran a search, most search engines used the majority of on-screen space to show "algorithmic" results—the web pages that the search engine's algorithm deemed most relevant to the user's query. Ranking high in a search allowed a site to reach consumers whose searches were related to the site's products; the site would be presented to those consumers without the overt commerciality of an advertisement.

Most search engines maintained "site submit" systems, so that website designers could submit new content to search engines' databases. Such submissions would alert search engines to the existence of a new site. But there was no guarantee that the site would appear in response to particular searches, or that the site would appear in a prominent position. Search engines used proprietary methods to select and rank sites and retained wide discretion about changing their ranking methods at any time. Most outsiders believed search engines' ranking of a site was based, at least in part, on the keywords the site mentioned, the frequency and location of those keywords within the site's pages, the pages elsewhere on the web that linked to the site, and the locations and frequencies of such links.

Online retailers could also create "product feeds," listing products, descriptions, and prices. By posting such a feed in a form that search engines could easily interpret, retailers invited search engines to include their offerings in "product search" services, which included Google Shopping and Microsoft's Bing Shopping.

Search engines offered vague guides on their quality-ranking systems; for example, Google instructed retailers to "[k]eep the links on a given page to a reasonable number."[4] In addition, industry consultants offered suggestions for "search engine optimization" (SEO) to improve a site's prominence. One advisor suggested that Kiril make sure all the pages on bigskinny.net featured filenames that included relevant keywords. Another suggested using heading tags within each page to emphasize which areas were most important. Browsing SEO websites, Kiril found further possibilities. At a SEO discussion board, he found tips on creating additional sites to link to a primary site to tell the search engine that multiple sources valued that primary site. Other discussion boards suggested repeating the most important keywords in small type at the bottom of every page.

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[a] Advertisers often referred to this method of advertising as *cost per mille* or CPM. *Mille*, the Latin word for *thousand*, conveyed the fact that a CPM price yielded 1,000 impressions.

Sponsored Search

Sponsored search advertising allowed advertisers to place their listings within search engines' results for specific keywords, in special sections earmarked for "sponsored search" offers.

Sponsored search systems asked interested advertisers to specify the keywords they wanted to target. When a user searched for keywords, the search engine would present corresponding advertisements.

To advertise using sponsored search, Big Skinny would need to control when its ads would appear by deciding which keywords to buy. Terms like "wallet" and "thin wallet" were natural choices.

Buying sponsored search ads also required that Big Skinny decide how to match offers to search keywords. Most search engines allowed advertisers two keyword-matching options: *exact-match* and *broad-match*. An ad assigned to an exact-match keyword would only be shown following a query for that precise keyword. In contrast, broad-match advertisements were served widely, to a host of queries deemed similar by the search engine. A broad-match ad could be shown to a user who included the specified keywords in a multi-word query, or to users who misspelled a term or used a variant plural form.

Most sponsored search ads were sold on a "per-click" basis: advertisers paid search engines only when their ads were clicked. Per-click prices were typically set through auctions. For each keyword, an advertiser would tell the search engine the most it was willing to pay per click. Search engines generally sorted ads to prioritize the ads with the highest bids and the highest click-through rates, although search engines also retained discretion to remove or reorder ads. If a search engine considered an ad especially valuable, it might place the ad at the top of the search results page, above the algorithmic links.

Big Skinny submitted high bids for keywords such as "thin wallet," which Kiril deemed especially likely to lead to sales. Big Skinny bid somewhat less for exploratory keywords like "nylon wallet." (**Exhibit 4** details Big Skinny's keyword bidding strategy, and the rates of conversion of keyword clicks into wallet sales.)

Social Media

Big Skinny enjoyed a special kind of brand fandom: previous customers would often drop by Big Skinny's booths at street fairs to tell distributors—and any fairgoers who happened to be within earshot—how much they liked their Big Skinny wallets. Kiril filmed these testimonials and posted them on the Big Skinny website in the Customer Love section. Big Skinny also maintained a wallet blog featuring posts on how to select and buy wallets. (See **Exhibit 5**.) But these videos and blog posts would be viewed only by users who actually reached the Big Skinny website.

Kiril wondered, *How could Big Skinny's fan base bring new webpage views*? He hoped that online social networking tools would provide the answer.

Kiril installed an AddThis website applet, which let site visitors "share" Big Skinny on Delicious, Digg, Facebook, MySpace, StumbleUpon, Twitter, and hundreds of other social media systems. If a user clicked the AddThis widget, the specified web page could be referenced in the user's Delicious page, Digg profile, or Facebook feed.

4

Big Skinny also maintained a Facebook page (BigSkinny) and a Twitter feed (big_skinny). On these pages, Big Skinny announced events and promotions, and provided a place for satisfied fans to engage with Big Skinny. (See **Exhibit 6**.) Fans posted testimonials about their Big Skinny experiences, often including "before" and "after" wallet photos. Other fans uploaded photos of themselves—and their Big Skinny wallets—in exotic locales. One customer wrote in to report that his Big Skinny wallet had been, quite literally, stolen: after he lost his Big Skinny wallet, someone returned his ID and credit cards, but kept the wallet itself.

To maintain Big Skinny's various online identities, Big Skinny staff logged on to social media services regularly. Some of the services, such as the wallet blog, required ongoing preparation of original content.

Interactive Content

To engage consumers, Kiril aspired to include several interactive components within the Big Skinny site. His top priority was an interactive wallet selection guide. This tool would ask a series of lifestyle and aesthetic questions to help users select wallets for themselves or friends. Kiril intended the interactive wallet guide to bring some of the "street fair sensation" to the web by helping users browse the Big Skinny collection as they might explore choices at a street fair booth. Big Skinny planned to build the wallet guide in-house and hired a contractor for the project in summer 2010.

Big Skinny also engaged consumers by organizing contests for its fans. Building on the motif of wallet minimalism, a 2010 "wallet haiku" contest offered prizes for expressing the essence of a wallet in micropoetry.[5] Winning contest entries were posted on the Big Skinny website. A planned essay contest would explore themes such as "Save the Cows," encouraging people to replace leather wallets with thinner microfiber models.

Online Distributors

Big Skinny established sales presences on three online retail portals which offered a potential source of easy distribution of its products: Amazon, Buy.com, and eBay. Retail portals could take over the challenge of finding customers because they ran sponsored search advertising campaigns to market individual products, and because their existing user-bases gave them a core set of customers. Retail portals typically had strong brand value, which could bring additional customers: thanks to Amazon's trusted brand, people searching for "thin wallets" might gravitate toward Amazon's sponsored links for Big Skinny.

Retail portals ran robust platforms that could handle any volume of transactions, including charging customers' credit cards, and they would remit payment to Big Skinny on a scheduled basis. Amazon could even manage fulfillment: Big Skinny would send crates of merchandise to Amazon, and Amazon would handle the packaging and mailing.

Retail portal pricing varied according to the services provided. Merchants could display a simple list of their products on Amazon for a monthly fee of $39.95, along with sales commissions from 7% to 15% on items sold.[6]

A/B Testing

Kiril and Catherine adjusted Big Skinny's online presence on an ongoing basis, bringing in local contractors to help organize Big Skinny's website, media, and product feeds. At the same time, Kiril attended local working groups on Internet marketing and combined suggestions from the working groups with his intuitions and ideas from his staff.

While Big Skinny's website design and online marketing decisions were typically guided by instinct, one working group alerted Kiril to an alternative: A/B testing, a marketing technique that showed different advertisements to different users in order to compare response rates. Big Skinny used automated A/B testing to evaluate alternative sponsored-search campaigns by submitting a variety of ads to a search engine to see which performed best.

At a monthly meeting of area SEO experts, one participant suggested modifying the Big Skinny site so that different site users would see different material—perhaps variants in text, layout, or pricing options. Comparing responses to these site variants, Big Skinny would be able to assess its marketing approaches. This approach seemed promising, but it would require new variations and tracking systems the site did not yet support. It seemed that the complexity of full-scale A/B testing would require hiring a software engineering consultant, if not an additional full-time employee. Even an online A/B testing system—which could be obtained cheaply or even free of charge—would require complex integration with all aspects of the Big Skinny website.

To date, Big Skinny had not made A/B testing a priority, since its "instinctual" choices were yielding results without A/B testing. For example, when Big Skinny first added customer testimonial videos to its website, daily sales increased 10%.

Other Options

Kiril's research uncovered a variety of other options for online marketing. Affiliate marketing systems could let any interested site—even small blogs—send traffic to Big Skinny in exchange for commissions. E-mail marketing could keep Big Skinny in touch with its existing customers. Coupon sites such as Groupon and LivingSocial could promote Big Skinny in daily e-mails to their members, offering large discounts to entice purchases.

Next Steps

As Kiril neared the office, Catherine proposed a plan for the 4,000 orders with invalid coupons: cancellation of orders that ended up with zero or near-zero prices, just as Amazon, Dell, and others had done when their websites suffered price mistakes in the past. Kiril agreed, although the incident shook his confidence in Big Skinny's online sales platform.

Looking ahead, Kiril pondered his priorities. He wanted to expand Big Skinny's online marketing presence but needed to decide where to focus: Should Big Skinny concentrate on drawing new consumers to its website through search engines, or should it focus on engaging existing customers through social and interactive media? Alternatively, should Big Skinny hand off more of its web marketing to retail portals like Amazon and Buy.com?

Exhibit 1   Five Major Wallet Problems Solved by Big Skinny Wallets

1. **Size:** Everyone hates a thick wallet. Big Skinny uses a proprietary nylon-microfiber material that is 5–7 times thinner than leather or alternative materials, reducing wallet size by 50%–75%.

2. **Weight:** Most Big Skinny sports wallets weigh under an ounce, so all you feel is what you put in them. Their thinness and lightness increase comfort and are better for your back and posture. Especially our specially designed super skinny model!

3. **Card Pocket Size:** Big Skinny wallets feature extra-wide pockets. The pockets of most wallets are too narrow, making it hard to fit cards in and even harder to get them out. You can overstuff Big Skinny wallets without worrying about ripping seams—especially since we double-edge the perimeter of our wallets for extra strength.

4. **Slipperiness of the Interior:** Our Big Skinny wallets are lined with a rubbery coating so it's harder to lose your goods to gravity. (See pictures of our wallets being shaken upside down!) Old-school wallets have a slick interior so your stuff falls out easily, especially since leather stretches out easily and quickly—and so does that satin material usually used inside. Big Skinny helps your important stuff stay safe—pretty vital for anyone who can't afford to lose their stuff.

5. **Lack of Versatility:** Big Skinny wallets are water resistant and tough enough to machine-wash regularly. Try that with an old-school wallet—as many have already, only to see their wallets fall apart. Big Skinny wallets are perfect for the active lifestyle, easily transitioning from boat to boardroom.

Source: Adapted from Big Skinny website.

Exhibit 2   The Big Skinny Website
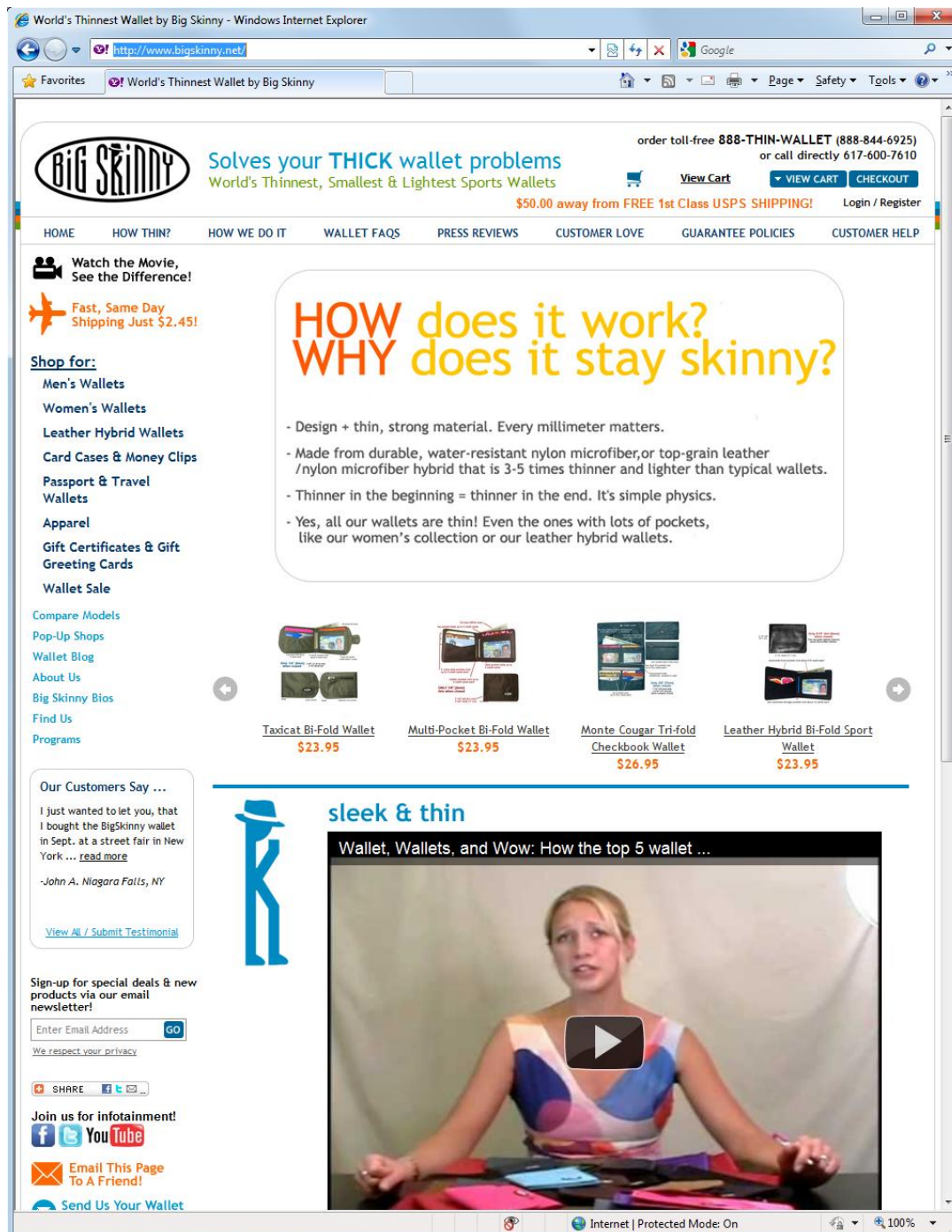
Source: Big Skinny website, http://www.bigskinny.net/, accessed October 2010.

Exhibit 3   "Before" and "After"

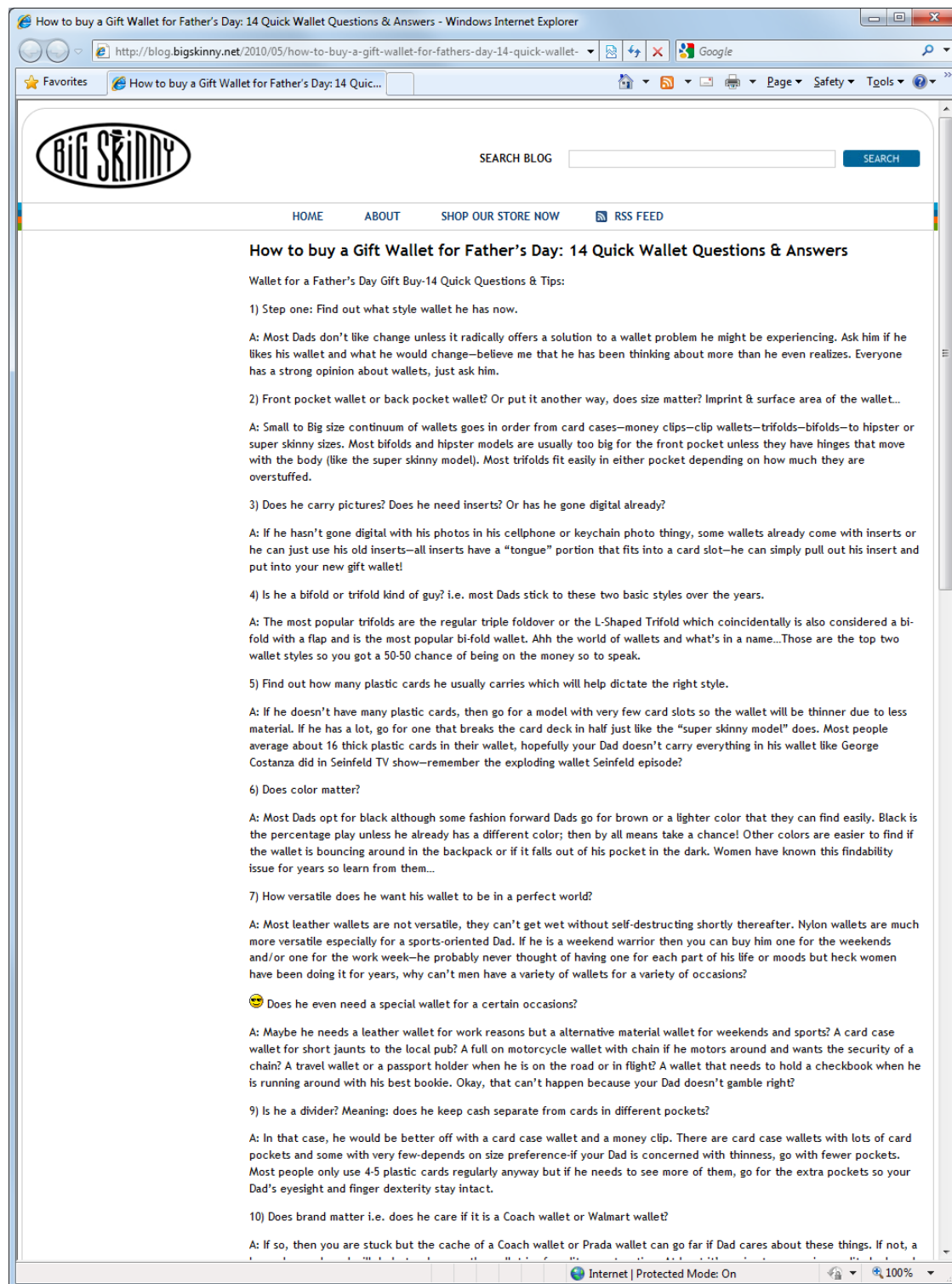Source: Adapted from Big Skinny website.

Exhibit 4   Sponsored Search Keywords and Bids

Keyword	Clicks	Impressions	Click-through Rate (CTR)	Avg. Cost per-Click (CPC)	Total Cost	Avg. Position	Conversions	Cost per-Conversion	Conversion Rate
thin wallets	387	16,582	2.33%	$0.53	$205.11	1.8	32	$6.41	8.27%
leather wallet	103	12,335	0.84%	$0.59	$60.77	3.2	3	$20.26	2.91%
"thin wallet"	132	2,947	4.48%	$0.50	$66.00	1.2	9	$7.33	6.82%
"big skinny"	35	2,452	1.43%	$0.50	$17.50	1.4	5	$3.50	14.29%
"thinnest wallet"	81	2,188	3.70%	$0.52	$42.12	1.4	4	$10.53	4.94%
thin leather wallet	13	1,389	0.94%	$0.59	$7.67	1.6	1	$7.67	7.69%
thinnest wallets	16	1,135	1.41%	$0.61	$9.76	1.3	1	$9.76	6.25%
world's thinnest wallet	94	625	15.04%	$0.23	$21.62	1.1	3	$7.21	3.19%
thin leather wallets	17	589	2.89%	$0.80	$13.60	2.5	0	$0.00	0.00%
thin bifold wallet	13	423	3.07%	$0.61	$7.93	1.4	1	$7.93	7.69%
thin clutch wallet	9	297	3.03%	$0.61	$5.49	1.7	0	$0.00	0.00%
small thin wallet	19	275	6.91%	$0.67	$12.73	1.6	2	$6.37	10.53%
thin credit card wallet	12	248	4.84%	$0.66	$7.92	2.3	0	$0.00	0.00%
ultra thin wallet	11	243	4.53%	$0.75	$8.25	1.8	1	$8.25	9.09%
ultra thin wallets	18	225	8.00%	$0.67	$12.06	1.4	2	$6.03	11.11%
best thin wallet	5	193	2.59%	$0.55	$2.75	1.5	0	$0.00	0.00%
thin trifold wallet	3	156	1.92%	$0.66	$1.98	1.4	0	$0.00	0.00%
world thinnest wallet	19	125	15.20%	$0.32	$6.08	1.5	0	$0.00	0.00%
super thin wallet	10	123	8.13%	$0.28	$2.80	1.3	0	$0.00	0.00%
very thin wallet	10	63	15.87%	$0.70	$7.00	1.4	1	$7.00	10.00%
super thin wallets	2	59	3.39%	$0.48	$0.96	1.2	0	$0.00	0.00%
thin sport wallet	1	47	2.13%	$0.76	$0.76	1.5	0	$0.00	0.00%
thinnest wallet ever	2	40	5.00%	$0.38	$0.76	1.1	0	$0.00	0.00%
thin super skinny wallet	0	4	0.00%	$0.00	$0.00	1	0	$0.00	0.00%
Total—all keywords	**1017**	**42986**	**4.80%**	**$0.54**	**$524.77**	**1.6**	**66**	**$4.46**	**$0.05**

Source: Adapted from Big Skinny records with significant modification, including changes to protect confidential Big Skinny advertising performance metrics.

Note: Quotation marks designate keywords set for exact-match targeting.

Exhibit 5   Big Skinny's Wallet Blog

Source: http://blog.bigskinny.net/2010/05/how-to-buy-a-gift-wallet-for-fathers-day-14-quick-wallet-questions-and-answers/, accessed October 2010.

Exhibit 6   Social Media Presence

Source: Adapted from Big Skinny / Facebook.

Endnotes

1 Sara Douglas, "Sciatic Pain and Piriformis Syndrome," *Nurse Practitioner*, 22(5), pp. 166–181.

2 Gavin Dunaway, "DoubleClick Lays Down Display Benchmarks," *Adotas.com*, July 12, 2010, http://www.adotas.com/2010/07/doubleclick-lays-down-display-benchmarks/.

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4 "Webmaster guidelines," *Google.com,* http://www.google.com/support/webmasters/bin/answer.py?hl=en&answer=35769.

5 Kiril Alexandrov, "Get a free Big Skinny wallet for the best wallet wallet haiku or wallet poetry this week," *Big Skinny Blog*, May 17, 2010, http://blog.bigskinny.net/2010/05/get-a-free-big-skinny-wallet-for-the-best-wallet-wallet-haiku-or-wallet-poetry-this-week/.

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