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satisfy their needs. Their efforts often succeed in getting customers to purchase more and to make repeat buys.

All customers get to taste free samples of cheese before they buy it. "We like knowing the folks who walk in our door and having everyone taste the cheese," said the managing director. "It's part of the shopping experience. That said, we are getting more sophisticated about how we communicate with people. E-mail marketing continues to be really critical, and we're starting to take advantage of social networking outlets like Twitter. For people who are into cheese and into Murray's, it's a great way for them to be directly tapped into knowing what's going on right this second."

What continues to appeal to sophisticated shoppers about Murray's is that cheese is an affordable luxury. A wine and cheese party for a dozen people, for instance, can fit almost any budget, and Murray's salespeople are happy to provide suggestions and

samples to assist in the selection. Murray's manager also credits popular media like the Food Network with helping to popularize food in general, and cheese in particular. After all, he says, cheeses "don't have to be improved upon or fortified. They are naturally good for you."²⁵

Questions

1. How does Murray's overcome one of the most common limitations facing small companies: its nonexistent advertising budget?
2. What are some of the advantages of being a small business that Murray's can (or does) take advantage of? What disadvantages might it face as a small firm?
3. Do you think the partnership with Kroger will have a negative or a positive effect on the unique experience customers expect from Murray's? Why?

Case 5.2

Warby Parker's Business Vision

Fashionable, affordable prescription eyeglasses sold directly to customers—that's the business vision of Warby Parker, a fast-growing small firm based in New York City. Founded by four friends from the Wharton business school, Warby Parker uses easy-on-the-eyes styling and easy-on-the-budget pricing to compete with national chains such as LensCrafters as well as with neighborhood optical shops. Its exclusive retro-style prescription glasses are priced under \$100, with prescription sunglasses priced at \$150. Warby Parker's affordable prices include extras such as free shipping, free in-home frame try-ons, and a money-back guarantee. Just as important is that, for every pair of glasses purchased, the company donates one pair to someone in need.

Rather than pay to license famous brand names for its frames, Warby Parker designs its own, inspired by styles from the 1950s and 1960s and manufactured in China. Based on each customer's individual prescription, the company has the optical lenses made to order by a U.S. lab. After the lenses are set in place, the finished product is inspected twice before glasses are shipped to customers.

Because Warby Parker's prices are significantly lower than those of traditional eyeglass providers, customers can afford to buy frames as fashion accessories, not just for vision correction. Co-founder David Gilboa points out that while U.S. consumers typically buy new eyeglasses every other year, many Warby Parker customers "are buying six, seven, eight pairs at a time." They choose different frames for different occasions, such as one pair for going to work and another pair for going out with friends, and they buy frames to fit with particular outfits. The largest single order Warby Parker ever received was from a customer who ordered 14 pairs at once.

Warby Parker operates a showroom at its headquarters in the hip SoHo section of New York, plus seven other showrooms inside

fashion boutiques across the country. It also invites customers to call a toll-free number for information and ordering. The main focus, however, is on the interactive Web site, where customers can browse more than two dozen frames, narrow down the choice by color, shape, and size, and upload a digital headshot for a virtual "try on" before ordering. Customers can order up to five frames and try them on at home for five days—enough time to post photos on Warby Parker's Facebook page, if they choose, and ask for feedback on which frames are the most flattering. Shipping and returns are paid by the company, which takes the risk out of trying and buying.

Customers feel good about buying from Warby Parker because they save money and they know each purchase covers a donation of eyeglasses. The company's "buy one, give one" policy allows it to donate more than 100,000 pairs of eyeglasses a year to people in need worldwide through a connection with the nonprofit organization VisionSpring. Now, with the help of venture capital funding, Warby Parker is expanding. It has more than 50 employees and uses social media such as Twitter, Tumblr, and Pinterest to publicize its business vision. Because satisfied customers tell friends and relatives about their experiences, "over 50 percent of our sales are driven by word of mouth," says co-founder Neil Blumenthal.²⁶

Questions

1. If you were writing a business plan for Warby Parker, what critical risks and challenges would you mention? What are the business implications of each risk or challenge?
2. Why would Warby Parker have eyeglass frames made in China but optical lenses made in America?
3. Do you agree with Warby Parker's decision to open showrooms inside trendy boutiques in addition to operating on the Internet? Explain your answer.



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