

How low can we profitably go

[Science](#), [Social Science](#)



Statistics prove that the cable industry and the broadband market are in a growing phase. The cable penetration is almost touching 0.7 per one household as per the statistics of 2003. The broadband subscribers have increased by 44.78% in 2003 with respect to 2001. Considering this statistics and the household base of Kansas City to be 321,000 we can expect the business to grow. With a 50% market share, we can expect the gross profit to be around \$70,45,950. It will be important for us to know the pricing of Everest on a time to time basis so that we can evaluate our pricing accordingly. At the same time, we need to expand our base to the wider section of the metropolitan, which will provide us more coverage and market share than Everest.

I consider that this will be both a pricing and marketing strategy effort, which must work co-jointly and compete with Everest in the Kansas City.

Memo 3

To: Vice President, Cable Operations

From: National Sales Manager, Cable Operations

Re: HDTV Promotion

It is quite clear that HDTV is becoming a major component in our marketing booty. In order to plan a promotional and marketing plan, we must first understand the need for HDTV in the households. Statistics prove that the cable industry per se has decreased significantly in 2003 as compared to 1993. It has decreased almost 20% since then. However, the Direct broadcast satellite (DBS) industry has improved manifolds. As of 2003, the percentage is 21.3% which was only 0.12% in the year 1993.

In view of the above information, we first need to segment the section of the

population where we can target our HDTV service. Since the package is quite attractive at \$5.99 per month in certain areas. The only constraint is the price of the HDTV sets. At the same time, the programming aspect needs to be taken care of. Hence, we need to plan for how to reduce the cost of the HDTV sets. This can only be done through large scale marketing and promotional activities, along with discounted rates. We can plan to tie up with a few HDTV manufacturing companies, which will ensure the discounted price of the sets. The cost can also be borne with the programming companies which can add value to their programs. The business health of Disney, Viacom, News Corp, and Sony has shown significant growth in terms of revenue, which is a clear indication that the market is maturing to accept more quality products. The agenda of this plan is to educate the consumers on the benefits of HDTV and also motivate the producers and production houses to produce more HDTV format of programming so as to boost the viewership of such programs. This project will be an ongoing process and will ensure the constant growth of the HDTV business.

Memo 4

To: President, Network Television Division

From: Vice President, Global Strategy

Re: Possible Acquisition

This is a quite impressive proposal and can be a profitable and viable option for acquisition. The growth aspect of Fox News is quite relevant in our line of business, but what needs to be seen is the consistency in the growth aspect. Moreover since the market of Fox News is spread in Europe and Asia, the potential of our market capitalization is quite promising.

But in the context of this acquisition strategy, we must keep in mind that the acquisition should primarily be related to the financial aspect. If we consider taking over the business operations as well, it may prove futile, since they have the expertise in the markets of Europe and Asia. In order to gain a foothold in Asia and Europe, it is important to make a conscious effort to retain the same market share as Fox News has now. Also, the aspect that must be considered is the cost of acquisition. Depending on our present turnover and availability of the funds we can consider this acquisition proposition. It is quite understandable that this acquisition will be quite fruitful for us subject to the availability of the funds and the ability to maintain the market share in all the sectors. Since our business is also growing in the US, hence, it will be important to maintain the growth and market share of this sector as well. Our idea behind this merger is not only to increase the market share but also to maintain the current position in the markets of US, Europe, and Asia. Fox News has shown constant and impressive growth which should not be disturbed with some unplanned acquisition strategy. Hence, this acquisition will be totally a planned move for us.