The fashion channel case analysis

Business, Industries

Introduction The Fashion Channel is losing highly valued viewers to competitors, causing a projected decrease in advertising revenue. TFH needs a plan to improve its ratings and increase its advertising revenue. We recommend that TFH implement scenario three and target the Fashion's and Shoppers/Planners. As we will show, this dual targeting plan has the highest income potential by bringing in the younger, highly valued viewers needed to increase advertising revenue. Analysis We recommend the third scenario of targeting both the Fashion's and the

Shoppers/Planners because it offers the highest ad revenue potential (see Appendix 1). Even though this plan has the highest total expenses, it results in the highest net income and margin potential (see Appendix 1). If TFH implemented scenario two and targeted only the Fashion's, the CPM would go up drastically. However, Fashion's only represent 15% of households and the average number of viewers would go down (see Appendix 2). On the other hand, if TFH targets both Fashion's and Shoppers/Planners the CPM and the average number of viewers will increase, exulting in higher revenues (see Appendix 2).

The first scenario is not a good option because it increases advertising revenues only a small amount. Implementation The implementation plan involves 3 major steps. The first step is to research the two segments and find out what kind of programming will attract and retain both segments. The second step would be to invest in the new programming. The third step is to begin an advertising, promotions, and public relations campaign targeting the two segments. Risks The implementation of this plan has some risks that need to be mitigated.

The three ajar risks are: 1) the plan only attracts Fashion's 2) the plan only attracts Shoppers/Planners 3) the plan alienates TFTP current customers. If the plan only attracts the Fashion's, then revenue will not be as high as expected, as shown in Appendix 1 under scenario 2. However, the expenses would be much lower and income would still be much higher than in 2006. If the plan only attracts the Shoppers/Planners, then CPM would go down causing advertising revenue to decrease (see Appendix 3). This can be mitigated by focusing more on Fashion's than Shoppers/Planners while still trying to attract both.