The fashion channel pros and cons

Business, Industries

Overview At the completion of this assignment you will achieve the following module objective: 1 . Measure the profit impact of marketing segmentation strategies. Instructions You will be responsible for analyzing the corresponding case and posting your individual work in your group discussion forum by the specified due date (see course calendar for details). Post your answers to the case questions # 2 to 3 directly in the forum, it will save you and your teammates some time, and attach the corresponding excel spreadsheet with the financial analysis.

A word of advice: Read the case questions before reading the case. Focus only on the information you need to answer the questions. Do your assignment in Word and always save it and then copy it over, you never know when you will be the victim oftechnologyfailure. It would also be helpful if you read the grading rubric before submitting your work. You will know exactly what is expected from you. The Fashion Cannel 1 . What are the pros and cons of the three segmentation scenarios?

Read carefully the case and make a list of the pros and cons of each segmentation scenario. Use the following table to summarize your findings. Scenario 1: Broad-based Segmentation Scenario 2: Fashions focus I Scenario 3: Fashion's + I Planners/Shoppers I Targeting Cheapest because of easy implementation and I Compared to the 2007 numbers this segmentation I Compared to the 2007 numbers this I there is no need to develop new programming. I produces $100 million more in terms of net Segmentation yields almost $115 million I I

Sticks with old marketing approach which had I income. I more in terms of net income. I caused TFH to grow so quickly in the past I This segmentation improved TV ratings from 1. 0% | This scenario improves TV ratings from I I land become popular in its early years. Tit 1. 2% 11. 0% to 1. 2 % and average CPM from $2. 00 | I I Keeps executives calm " why fix something I The average CPM would increase from $2. 00 to Tit $2. 50 I that's not broken" new segmentation TFH could I | $3. 50 I With this I Hits the target market of valuable 18-34 |

It would help compete against Lifetime because Differentiate its programming from Females in all clusters. The ages of I current and future competition by existing loyal viewers | 18-34. 150% of fashion's are between Ill not drive any I producing programs specific to this I audience. I because not much will change. I I Delivers $40 million more in terms of net I I income compared to 2007 base number. I Cons I Luke-warm approach by attempting to satisfy I Results in 0. 2% decrease in TV ratings. I Although this segmentation produces

I liverymen- TFH will not satisfy anyone. I This scenario requires $1 5 million incremental Desirable numbers in terms of TV ratings I I I Risk losing viewers to more targeted I programming expense to cover new programming. Land CPM, this scenario requires a $20 | I programs like CNN and Lifetime. This cluster is also the smallest of the four I million incremental programming expense toll I CPM is still $0. 20 lower than the current luster's which could lead to a decrease in I account for re-positioned programming. I I CPM.

I viewers from the other clusters. I TFH would only be targeting about 50% of I TFH would still struggle to compete with I Because this scenario targets the smallest I us households. I Lifetime and CNN without changing the luster, TFH awareness by consumers would not I This could lead to a decrease in their I programming offered by the channel. I change, and their TV ratings might decrease I loyal viewers and might negatively affect I I level more. I their TV ratings. 2. Estimate the impact of each segmentation strategy on the company's revenue.

You will have to estimate the financial of the company using the excel the following scenarios: 2007 Base: No segmentation; drop in ad unit pricing (average CPM). File. Consider Scenario 1: Multi segments, targeting 3 groups (excluding Basics); increase in ratings, decrease in ad unit pricing (average CPM). Scenario 2: One segment, Fashions: drop in ratings, increase in ad unit pricing (average CPM). Scenario 3: Two segments, Fashions and Shopper/Planner; increase in ratings and increase in ad unit pricing (average CPM). Individual Case 2 Questions