Target market – case study of freeport studios

Education

Furthermore, in the case of Freeport Studios, though there was significant confidence in the profitability of the venture even as it failed dismally to meet expectation for the first two years of its launch, long-term projections based on its initial performance and market response foreshadowed it (p. 1) . Given the performance of the catalogue and extrapolations, the company has had significantly decreased its initial expectations. However, even when the desired outcomes were decreased, the catalogue was still not able achieve sales targets.

Moreover, there was even a diminished response from buyers from the target market which suggested that it was better of as part of the original set of catalogues. This indicates that the CLV will not increase over time substantially enough, given 1999 performance, to mitigate concern for Freeport Studios. The lack of increase, moreover diminished CLV, over time indicates that it would be to the advantage of the company to cease operations right away Analysis

Thecase studyof Freeport Studios highlights the challenges in pegging, if not justifying, the launching and success of a service or product on expectation. Moreover it creates greater weight of valuation systems in achieving desired outcomes and in turn the criteria for success. Thus, at the time of the case under study when Freeport Studios missed its performance targets by as much as 75%, Fran Philip, the company’s senior vice president and general manager was under pressure to create a turnaround for the new catalogue.

A challenge that Lal and Weber believed with requires rethinking how target was characterized and evaluated (p. 1, 22-24). Freeport Studios was backed up by its parent company’s experience, reputation and access to markets.

Therefore, traditionally resistance in market entry which would have diminished initial assessments of its CLV for the first year of operations does not apply. However, it should be noted that at the time that new catalogue was launched, L. L. Bean was already under pressure against competitors and declining growth rate. The launch of Freeport Studios was motivated to develop an existing clientele into a separate and distinct market in an effort to harness its potential by building existing competencies of the company with the segment. Lal and Weber point out that the company needed to follow a creative strategy that will augment current performance and the need to utilize resources from its parent company.

Though the company has been specific in its identification of its target market segment, there is reservation on their aptitude in attracting the market which had already had shown lukewarm response to previous catalogues of L. L. Bean. Aside from the low CLV, request for catalogues have not increase significantly nor have sales in other catalogues from the segment been affected. Thus, there is indication that Freeport Studios has not been able to elicit not only interest in the products featured but also interest in the catalogue itself, indicated by the 3% response rate, limiting the potential exposure of the items to clients.