

# [Fashionable company](https://assignbuster.com/fashionable-company/)

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Case study for FashionABLE FashionABLE company deals in handmade bags and scarves made out of African-American women living in poverty and struggles. Its mission is to make sustainable business for Africans and help them become self-dependent. FashionABLE’s point of differentiation is selling the story of the employed women in Africa (FashionABLE 2014). The following financial report has been generated about this investment, for FashionABLE Company. It shows a summary of the income and expenditure of the investment. The data comprises certain estimations.   
To increase its sales, the company may consider a range of strategies. One unique technique the company may apply is the ‘ trunk show.’ A trunk show is an event of sales where products are presented or shown to the staff or select clients. The survey by Stella and Dot shows that the majority prefer in-store shopping. It is because it gives them the chance to see the products and make order requests as they wait for the seller to make and convey them. They are in a position to view or buy the goods before they are supplied in the market. The survey also reveals how the trunk show can be successfully implemented to increase sales. Many also said they would be interested in hosting such events if they get the opportunity (Morrison 2014). Targeting past FashionABLE clients will thus be effective since the former will be more committed to involvement in the trade.   
Through the trunk shows clients will be shown a video and photos to inform customers of the company’s mission. It will efficiently draw a connection between the company and its consumers. The quantified results of the trunk show reveal that the target market will be wider, since the target age will increase from (25-34) years to (19-55) years.   
Sales will increase in volume. There will be more sales outlets.   
FashionABLE’s revenue will increase due to;   
- Bulk purchases by stylists for 15% off (less than profit margin)   
- Stylists keeping profit, maintaining incentive to buy into the business   
- FashionABLE not having to give money back for unsold products   
Costs will include; client outreach, promotional video, advertising, trunk show information kit and other expenses. In the trunk show investment, every investment is temporary, apart from the kits. The information kit comprises:   
-Books and brochures about FashionABLE   
-Training materials for the promotional video   
-Digital marketing materials, which entail PDF invitations to send to friends   
-Packaging materials (should already have these in stock from retail stores and online sales)   
FashionABLE Company   
Statement of Income and Expenses   
For the year ended 31 December (in dollars)   
Revenue   
45000   
Cost of sales   
10000   
Gross profit   
35000   
  
Selling, promotion and distribution expenses   
Promotional video 2000   
Advertising 500   
Client outreach 500   
General and administrative expenses 1000   
Trunk show information kit 1500   
  
Other operating expenses and losses 500   
6000   
Operating profit/earnings before interest and taxes (EBIT)   
29000   
  
Interest income   
700   
Interest expense   
500   
Net interest expense   
500   
Earnings before taxes   
29200   
  
Income taxes   
1500   
Income from continuing operations   
27700   
  
Income from discontinued operations   
-   
Net income   
27700   
From FashionABLE income statement as at 31st December, the company’s total revenue from the trunk show investment shall be $45000. FashionABLE is estimated to spend a total of $6000 on the selling, promotion and distribution activities. The net profits are estimated to be $27700.   
In conclusion, by adopting the technique of trunk shows, FashionABLE is guaranteed to sell a lot of products and receive a profit.   
References   
FashionABLE. (2014). Creating Sustainable Business in Africa. Retrieved from https://livefashionable. com/product-category/sale/   
Morrison, S. (2014). Improving Sales. Cell Stem Cell, 164-167.