

Fashionable company

Finance



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.

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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

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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

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Net income

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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.