

LET'S SOLVE A CONSULTING CASE



PROBLEM STATEMENT

Your client is a major magazine publisher in India. It is considering the idea of launching a new Teen Magazine targeting young adults. Demonstrate and recommend if he should go ahead with this idea.

INTERVIEW THREAD

Interviewee: I would like to ask a few clarifying questions before I begin. I want to understand a few things about the publisher. What is his current portfolio and how successful are they in the market?

Interviewer: The publisher is one of the industry leaders with 2 categories focusing on personal and investment finance and other on entrepreneurship.

Interviewee: In that case, what is the objective of launching a new product from scratch? Why does the publisher doesn't want to work on growing the existing portfolio itself?

Interviewer: The market for existing products is saturated and doesn't have significant growth potential matching the company's expansion objective.

Interviewee: Okay, then what are the target figures for this magazine in terms of volume and profits?

Interviewer: The company is aiming to increase its bottom line by 10%. Having a current value of 100 Crore.

Interviewee: I would like to know about the competition and the difficulty level of catching the market.

Interviewer: Through our survey, we found that we have a scope of capturing 10% market share from the existing target population.

Interviewee: Ok, can you please brief me about the distribution channels and pricing or subscription model for the magazine?

Interviewer: Sure, the company offers a subscription model of Rs 150 per copy for a year, and for retail shops, Rs 200 per copy. You can assume a 40-60 split between the two.

Interviewee: Ok, I Think I have enough information. Now I would like to take you through the structure for proceeding ahead.

Interviewer: Go ahead.

Interviewee: Sure, firstly, I would like to calculate the market size of magazine readers in India and then take the market share captured by the company. Then multiplying it by the price of the magazine will give us net income. Should I proceed with the calculations?

Interviewer: Sure, go ahead.

Interviewee: Now, considering the Indian population of 140 crores and target audience ranging from age 13-19, i.e. 20% of the population. Now out of this 20%, i.e. 28 crore, 30% live in urban areas, and 70% live in rural areas. Assuming that magazines are sold in urban areas only. This gives us a target audience of approx. 8.5 crore. But all people are not fond of reading magazines in this digital era. We can assume 30% of the population is a magazine reader. Now taking our market share to be 10% of the magazine reading population as you mentioned, we have 26 lakh customers. Should I proceed further?

Interviewer: Sure.

Interviewee: Since you mentioned that split 40-60, multiplying 150 with 40% of 26 lakhs gives us 16 crore. Similarly, for retail shops, we can have 31 crores (26 lakhs x 60% x 200). Making it a total of Rs. 47 Crore in revenue.

Interviewer: That sounds good to me. Do you have any other points that publishers should consider?

Interviewee: Yes, the publishers can consider some issues:-

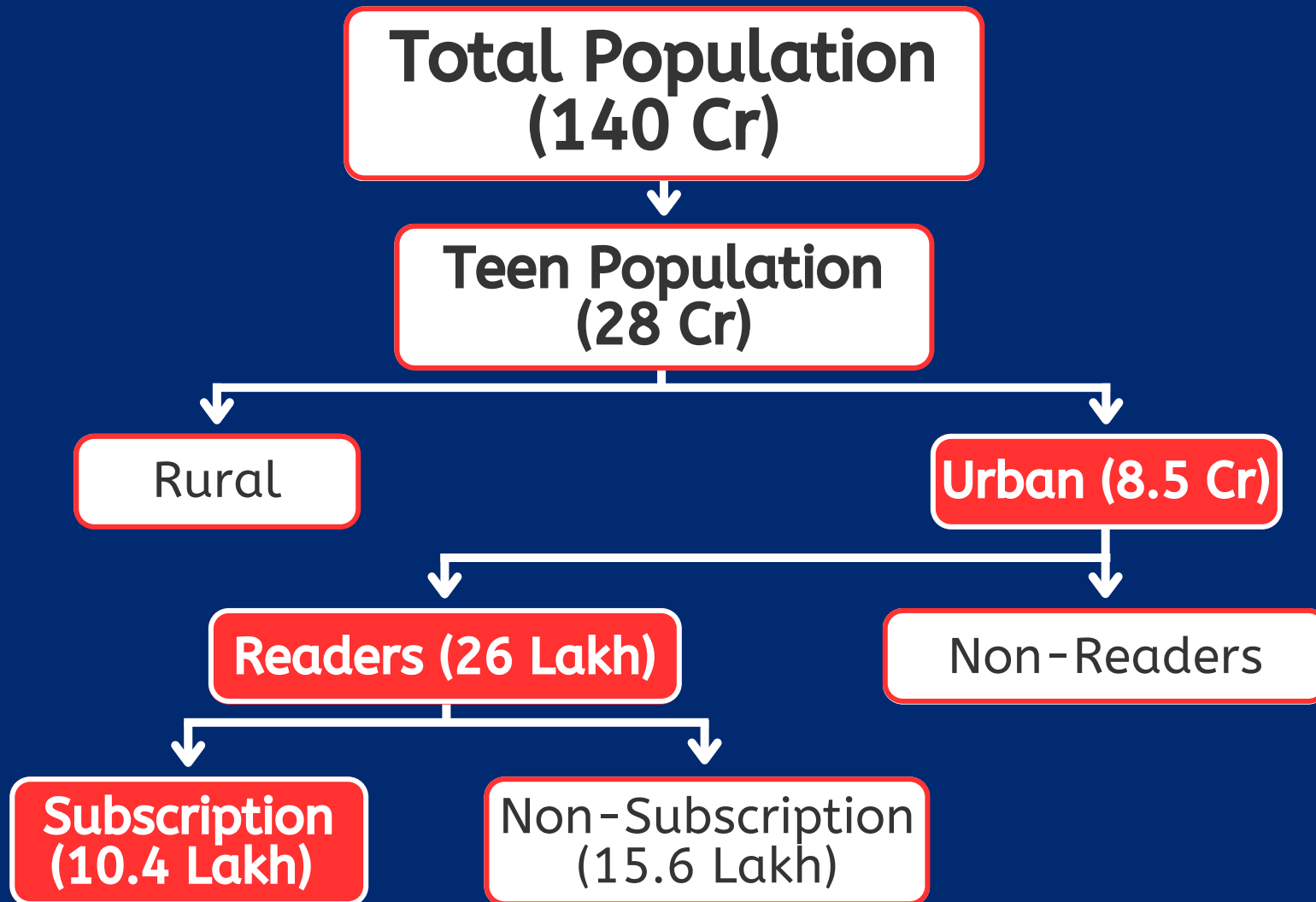
1. Given the revenues for the magazine, we should check if the cost of the magazine allows us to reach the 10 Crore target in net income.
2. There may be scope for cannibalizing existing products. If so, we should not dilute the existing high-performing product market.

Should I look into the cost side of the product and scope for economies of scope or utilize synergies for the production process?

Interviewer: No, that would be all. Thank You

THAT'S A WRAP!

FRAMEWORK



CONSULTING FELLOWSHIP

Mentors from

McKinsey
& Company

BAIN
& COMPANY



Dalberg

Deloitte. BCG

accenture

- 1 2.5 or 6 months, 10 mentors, and 30+ hours of live mentorship on Consulting careers, CV making (including 1:1 edits), Guesstimates & Case Interviews.
- 2 Rigorous interview practise through real-time guesstimates solving & buddy teams for mock cases.
- 3 Placement Assistance through employee referrals by our MBB & Dalberg mentors. Regular job updates from consulting firms. Industry Breakdown for cases.
- 4 Live case project (& certificate) with a real life client & business problem. CV templates & interview preparation resources along with 1:1 Mentorship.

SIGN UP

(Registration Link is in the comments)