



# LifeEpic Launch

Your client is a major magazine publisher based in the US. It is considering the idea of launching a new lifestyle magazine. Analyse and recommend if he should go ahead with this idea.

CASE TYPE  
Market Entry

COMPANY NAME  
LEK Capability Network

DIFFICULTY LEVEL  
★ ★ ★

### Case Type

Market Entry Case

### Company Name

LEK Capability Network

### Round

Partner

### Difficulty Level

■ ■ ■ □ □

## Problem Statement

**Your client is a major magazine publisher based in the US. It is considering the idea of launching a new lifestyle magazine. Analyse and recommend if he should go ahead with this idea.**

What is the Client's current product portfolio and how successful are they in the market?

**The publisher has two other magazines- one on personal finance and the other on women empowerment. Both products are the leaders in their categories**

What is the target audience for the new launch?

**It is mostly wealthy males**

What is the objective of launching a new product from scratch? Why doesn't the publisher simply want to work on growing the existing portfolio itself?

**The market for those two products has been saturated by now. There isn't much scope for further expansion**

Okay. And what are the target figures for this magazine in terms of volume and ?

**The publisher hopes to increase his bottom line by \$10 Million through this new launch over a reasonable period**

Can you also tell me a bit about the potential competition?

**Through a survey, we found out that we would be able to capture 5% of the target population if we launched the magazine at this time.**

Okay, Can I go on and do a market sizing for this launch?

**Sure.**

For the market sizing, can I know the price at which this magazine is going to be sold? And if there are different channels or models that the company employs?

**The company offers a subscription model for \$3 per copy for a year and sells copies for \$5 through retail shops. You can assume a 50-50 split between these two.**

Okay. I would first divide the total male population of the US into different age groups and look at the likely percentage of people who would be willing and able to buy our magazine, within each age group. I would further multiply this by 5%, since through our survey we know this is what we'll be able to capture. Lastly, I would multiply this figure with the frequency of purchase to get the total number of copies sold. 50% of these would be sold at \$3 and the rest at \$4. Multiplying these prices in 50-50 weights will give me the final magazine figure

**That sounds good to me. Do you have any other things you would want the publisher to keep in mind?**

Three major issues need to be kept in mind:

- 1) Given this revenue and our costs, we should check if our profits are touching the \$10 Million target.
- 2) There's a chance that this magazine might take away the sales of our personal finance magazine. If that is the case, this launch may not be a very good idea since we wouldn't want to lose out on an already existing high share.
- 3) It's crucial to check if there are any benefits in making this magazine alongside the current products. If we can use shared resources or skills, it could help reduce costs a lot.

**Thank you, that would be all**



### **HERE'S A TIP!**

When pricing a service like the one offered by the airplane service provider, consider the value it brings to the target customer segment. Calculate savings in terms of time and productivity, especially for frequent travelers like management consultants, and price accordingly using a value-based mode

### CASE FLOW

#### CASE FACTS

