

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

A Business Feasibility of Mallu Talks, a Free Malayalam Magazine Based in United Arab Emirats

Shanoob A. P.

PG Research Scholar, Manipal Institute of Technology, Karnataka, India

Dr. James M. J.

Associate Professor, Humanities & Management, Manipal Institute of Technology, Karnataka India

Shahasad V.

PG Research Scholar, MBA, Manipal Institute of Technology, Karnataka, India

Abstract:

Magazines and facebook pages are a relatively new concept that must be looked into as a means of imparting knowledge to the community as well as increasing their awareness on the existence of various products. Marketing of magazines in a regional language targets the population of that state living in different areas and improves their standard of living. Hence the present study was taken up to evaluate the feasibility of setting up a free Malayalam magazine and a facebook page.

Keywords: *feasibility, free Malayalam magazine*

1. Introduction

A magazine or a facebook page is ways of communicating with the people. Creating and managing a Free Malayalam Magazine (FMM) and a Facebook page where the people and the nationals can post and read various articles, thus promotes a literary insight. A facebook page is a social-media plan developed by a company to promote their products by reaching out to the people by catering to their needs. Making use of these free magazines and facebook pages, articles can be searched by any person as they provide details on a vast sphere. When a project is started an initial investigation is carried out. During this phase of a study, the user's needs are recognized and other requirements are determined. Once the problem has been defined, a study is carried out to select the best system i.e. a feasible system that meets Users/Readers requirements. A feasibility study is defined as an evaluation or analysis of the potential impact of a proposed project or program. It is conducted to assist decision-makers in determining whether or not to implement a particular project or program. In order to conduct the feasibility study we have distinct but inter-related types of feasibility, they are, Technical feasibility, Operational feasibility, Economical feasibility, Social feasibility, Management feasibility, Legal feasibility and Time feasibility. In addition to feasibility of the study, the revenue produced for advertising should be considered by advertising managers when planning their media (Woodside and Reid, 1976) The elements that led to the origin of this free edition of a Magazine and a facebook page include helping the people by providing better living options and to know the environmental conditions of the neighbourhood which makes the living a favourable place. The main aspect of the project is to benefit the people economically. The present study thus focuses on satisfying the readers needs and aims at setting goals in providing the best and the utmost information that is easily available to the readers and beneficial to individuals of all ages and which provides the necessary information to guide them throughout. It also aims at creating a reader - friendly space where they can share their ideas. This led to the aim of the present study being to create a Free Malayalam Magazine and facebook page in order to meet the goals mentioned above. To achieve these goals the following research objectives were undertaken, namely, to analyze the need of FMM, to prepare a business plan for the service proposal, to develop a feasibility study of the proposed business.

2. Literature Review

A Free Magazine and Facebook page are new concepts in the Magazine industry. This chapter defines the terms and concept of a Free Magazine (FM) and facebook page. Management is defined as "getting things done through and with others. It can be more scientifically defined as the co-ordination of all the resources of an organization through the process of planning, organizing, directing and controlling in order to attain organization objectives. Management is seen as a process demanding the performance of a specific function. According to Pollock (1977) *Common Cents* is mostly collection of tips aimed at potential buyers of goods and services. This will help in setting up a better marketing plan. Magazine management is emerging as a managerial science today. It transcends beyond the role of subscription and its collector. Managing Magazine involves establishing goals, objectives policies and implementation of strategies to achieve those goals and objectives. Magazine management is the work carried out to

manage and maintain the development, including its facilities at the level that will retain or enhance the value of the development, create a safe, functional and conducive information environment for its subscribers and readers and project a good appearance or image for the viewer's. Magazine management regards responsibility as including all the necessary makings to ensure the economic and physical vitality of the Magazine. Each Magazine focuses upon many sectors ranging from a Construction, Cartoons, IT, Market, etc. and Business with thousands of units. 'Magazine management is a social science which demands very high interpersonal skill in dealing with the public, that is, its subscribers, Information creators, Government and sponsors of Advertisements; response to the respective requirements of management services or in answer to their complaint's. However, this definition is inadequate since there is no specification made on the 'requirements of management services' and people would mix up the concepts of Magazine management with other kind of Magazine services. Some of the most venerable magazines still in print are the super-regionals. These are grand old publications that speak to a character of a region and of the people who live there; those magazines that reflect that character to the greater demographic and, through their editorial provide an image around which their readers cohere. These magazines are known to all of us, regardless of which region in which we live. A few years ago, when, despite our industry's chronic pessimism, enthusiasm for regional publishing was at its height, the trends were leading to the growth of this publishing category. These reflected those of the publishing industry in general: a movement away from general interest content and increasingly in the direction of special interest and niche content. This trend has been reflected in the trend of regional magazine launches, away from the editorial- and audience- based lifestyle magazines that help define a region for those who live in it and love it, and towards the increasingly narrowly focused city and regional magazines speaking to a much smaller geographic area and very vertical content. The regional publications, to keep their publications strong, have needed to find ways of balancing the local interest of their advertising base with their broader base of readers and their broader content interests. Some publications have done so with the use of many sub-regional editions, each catering to a specific niche or a specific city or locality within a region. FM and facebook page have risen to the challenge and they fill specific advertising-driven niches that will add to the revenue streams of those reader-driven. The range of publications represents the spectrum of the challenges and opportunities faced by our country's remaining regional publishing companies.

3. Research Methodology

This chapter describes the detailed methodology adopted for analysing the need of a free magazine and a facebook page and preparing a business plan for same. Services offered by FM and a facebook page are designed by keeping target customer prospective. Target customers for this business are nationals who find it difficult to find the basic necessities, employment, stores and various other detailed information. The methodology adopted for analyzing the need of FM and a facebook page and preparing a business plan for same includes a questionnaire preparation and distribution, preparing a business plan as per the business plan outline which includes developing the services, market analysis, marketing strategies and financial statements. In this project, researcher focused on analysing the need of a Free Magazine (FM) and a facebook page and developing a business plan for both and evaluating the economic feasibility of the business plan.

A Questionnaire was prepared and distributed via email to target customers, having at least a single Magazine. Survey excludes the customers staying on subscription Magazine. The objectives of this survey include:

- To know target customers interest in FM and facebook pages,
- To identify the activities of targeted customer's wants in the FM and facebook pages.
- To estimate the price of services the target customers are willing to pay for.
- To know the frequency of visits made by the target customers for managing their Magazine.

Sample size of 270 was selected keeping a confidence level of 90% ($Z = 1.64$), margin of error 0.05, Std. deviation of 0.5, by using the equ. 3.1

$$\text{NecessarySampleSize} = \frac{(Z\text{-score})^2 - (\text{Std. Dev.})^2}{(\text{Margin of error})^2} \dots (3.1)$$

Service was designed catering to the needs of the targeted customers. As per the designed service, the business plan was prepared, outline of business plan is designed to cover the description of the business, financial summary, product and service, strategic market analysis, marketing plan, organizational plan & personnel summary and financial plan as shown below in Fig.1.

Business Plan Out

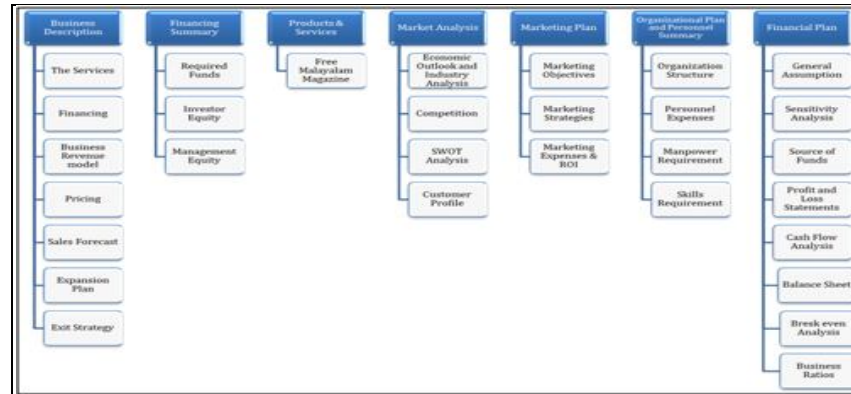


Figure 1

The purpose of business plan is to raise a fund for the development of a Free Magazine Management Firm while show cases the expected financials and operations over the next three years. Outline used for preparing the business plan is shown in Fig. 3.1. The Business provides the FM and the facebook page with major services like maintenance and management of Magazine, letting people explore a wide range of knowledge and the needed information to help them lead a comfortable life with the knowledge on the availability of various places, activities etc which make life simpler to live. In this way the magazines and facebook pages help the population and earn their contentment as well as help the owners earn revenue through the advertisements put up in them, hence satisfying both the producer and the consumer. Thus making it possible to distribute magazines free of cost. The FM and facebook pages will offer information on various services to its subscribers. For this, the business will generate corporate advertisements and other facilities from its sponsors. The benefit of using this service includes:

- Hassle free management of News.
- Handle almost every aspect of the Magazine.
- Accessibility.
- Economically benefited.

4. Marketing Plan

The Main study in therefore concluded on satisfying the readers needs and aims at setting goals in providing the best and the utmost information that is easily available to the Readers / Kerala Nationals in UAE, this Project is beneficial to the population of all ages which provides all the necessary information to guide them throughout and aims at creating a reader- friendly space where they can share their ideas. Feasibility is the determination of whether or not a project is worth doing and the process followed in making this determination is called a Feasibility Study. In order to conduct the feasibility study we have even distinct, but inter-related types of feasibility, these are Technical feasibility, Operational feasibility, Economical feasibility, Social feasibility, Management feasibility, Legal feasibility and Time feasibility.

5. Problem Statement

In this project, researcher focused on analysing the need of a Free Malayalam Magazine (FMM) and developing a business plan for FMM and evaluating the economic feasibility of the business plan. The element that brings forth to begin this free edition of the Malayalam Magazine is to help the national Kerala population settled in UAE with better living options and to know the environmental conditions of the neighbourhood which makes the living a favourable place. This project is initiated taking into detail the concern of the respective population. The main aspect of the project is to benefit them economically and with vast amount of detail that would be required for the population migrating / living in UAE.

6. Survey

Questionnaire was prepared and distributed to target customers, having at least a single Magazine in UAE. Survey excludes the customers taking on subscribed Magazine in UAE. A separate Questionnaire has been prepared with a view of business in mind, this questionnaire helps in sorting out the difficulties being faced and the challenges as a whole for the Magazine Industry.

6.1. Objective of survey:

- To know target customers interest in FMM,
- To identify the activities of targeted customer want in FMM.

To know the frequency of visit made by the target customers for managing their Magazine. To calculate the actual advertisement budget and the expenses to be incurred for the magazine to be effectively reaching out to the readers. To evaluate the ROI made in advertising. Acquiring potential Advertisers To achieve reader satisfaction in return

7. Products

Al Raha Publishing & Distributions will publish "Mallu Talks" magazine. The magazine is high gloss, 60 pages, contemporary in look and appeal. Quality cultural content is the constant goal. The magazine will be entertaining and newsworthy and thought-provoking. It will appeal to a broad Malayalees readership. No magazine like it is available today. Contemporary Kerala cultural themes will prevail, particularly those that deal with the demands placed on both professional and family life by today's professional climate.

8. Market Analysis Summary

The target market is broadly based and is defined as the Malayalees at all levels in any organization located at UAE. Market segments are defined by organizational affiliation. Media strategy and execution may vary by segment. The Main study in therefore concluded on satisfying the readers needs and aims at setting goals in providing the best and the utmost information that is easily available to the Readers / Kerala Nationals in UAE, this Project is beneficial to the population of all ages which provides all the necessary information to guide them throughout and aims at creating a reader- friendly space where they can share their ideas. Feasibility is the determination of whether or not a project is worth doing and the process followed in making this determination is called a Feasibility Study. In order to conduct the feasibility study we have even distinct, but inter-related types of feasibility, these are Technical feasibility, Operational feasibility, Economical feasibility, Social feasibility, Management feasibility, Legal feasibility and Time feasibility.

9. Marketing Strategy

Our strategy is based on serving a clearly defined niche market well. By having an identifiable market with available lists and related memberships, the management of M/s. Al Raha Publishing & Distributions believes we can exceed publishing industry standards for conversion of potential subscribers. Committed artists are a passionate and loyal clientele. A thirst exists for the published periodical product that "Mallu Talks" will provide. The initial issue, published in March 2014 met with rave reviews at booksellers and distributors conventions and was profiled on Facebook. The task is to reach and inform the target market. The strategy is to combine sampling, direct mail, and group membership solicitation to build circulation through both subscriptions and newsstand distribution. Multi-channel distribution principles will be employed. Each has a differing margin structure but the combination will maximize the potential reach of the magazine.

New subscriptions are both sample and media based. Sampling will be done to both known Malayalees Associations and organization members and to subscriber's mailing lists. Several of these databases are already available to Al Raha Publishing & Distributions. "Mallu Talks" has access to a list of 10Kerala based NRI business leaders. All will be sampled with the magazine.

10. Distribution Strategy

Producing a quality magazine title is only part of the process. Timely distribution is equally important. Depending on your titles distribution requirements there are various means of 'distribution'

Magazine plants that specialize in magazines have in house mail facilities that handle distribution tasks so your title will not have time lags or double shipping bills. It also means you deal directly with one facility. Bulk permit and labelling applications directly from your supplied database information should also be offered. Distribution can also mean truck shipping to Newsstand distributors or to your facilities. Often newsstand companies require multiple warehouses to be serviced or shipped to in accordance with your distribution plans. Again, direct and accurate labelling and transportation assures newsstand dates will not get missed by transportation or shipping errors Distribution of magazines through retail channels are projected at retail less 75%. Subscriptions through organizations are projected at list is approximately 25%. Cost of product is deducted for 11 issues per year. Fulfilment costs are expensed. Future sales are planned directly over the internet from the "Mallu Talks" website.

11. Promotion Strategy

In addition to advertising, direct mail, and media executions, public relations exposure will benefit magazine circulation significantly. Our Chief Editor – Dr. Rajith Kumar has already appeared and been interviewed on press conference four times. Tapes of these interviews are available. In one instance more than 120 calls were received requesting subscription information from a single program. Promotion strategy for sales through organizations to their memberships includes a split

12. Financial plan

Financial plan is done for next five years to know the financial viability of business and to identify the cash flow of business to ensure smooth flow of cash in business operations

13. Underlying Assumption

The company has based the projected financial statement on the following:-

The revenue of magazine business is only advertisement fees charged from target business group

The advertisement charges depend upon the page setup and the maximum number of pages reserved for advertisement is 20 pages/magazine including 17 inner pages

Our targeted advertisement reach only on 11th month of first year, and 11th month onwards business running with full form of advertisement without increasing the charges up to 3rd year

3rd year onwards advertisement charges will increase on an average 15% on yearly basis

Annual growth of revenue depends upon the changes of advertisement. so nearest 15% growth is projected for revenue in 2nd, 3rd and 4th year and 5th year it is coming to 20%

No debt is acquire by owner for this business

Credit period for purchase assumed to be 15 days

Advertisement charge received on the basis of one month credit period

Company currently print the magazine on job work basis during the fifth year onwards it decided to install a printing machine by utilizing the reserved cash in the company

14. Result & Analysis

14.1. Profit and Loss Statement

Profit and Loss statement is prepared for first five year of business operation to check the financial viability of business and contribution to flow of cash operation

Projected Profit Loss Account					
Particular	First Year	Second Year	Third Year	Fourth Year	Fifth year
Income					
Income through Advertisement	5,320,000	6,240,000	7,068,000	8,069,610	9,753,912
Other Income	0	0	0	0	0
Total Income (A)	5,320,000	6,240,000	7,068,000	8,069,610	9,753,912
Expenditure					
Printing cost	2,220,000	2,553,000	2,935,950	3,376,343	3,882,794
Shipping cost	360,000	414,000	476,100	547,515	629,642
Marketing cost	180,000	207,000	238,050	273,758	314,821
Media license	35,000	35,000	35,000	35,000	35,000
Trade license	225,000	225,000	225,000	225,000	225,000
Sponsorship charge	150,000	150,000	150,000	150,000	150,000
Rent	525,000	525,000	525,000	525,000	525,000
Demo copy	36,000	41,400	47,610	54,752	62,964
HR cost	750,000	862,500	991,875	1,140,656	1,311,755
Travelling Expense	60,000	69,000	79,350	91,253	104,940
other expenditure	101,000	59,600	74,585	55,000	65,000
Depreciation	39,000	80,400	65,415	136,550	445,318
Preliminary expense(written off)	18,000	18,000	18,000	18,000	18,000
Total Expenditure (B)	4,699,000	5,239,900	5,861,935	6,628,825	7,770,234
EBIT (A-B)	621,000	1,000,100	1,206,065	1,440,785	1,983,678
Less: Tax@10%	62,100	100,010	122,407	151,034	237,200
EAT	558,900	900,090	1,083,658	1,289,751	1,746,478

Table 1

14.2. Balance Sheet

Company forecasted balance sheet for projected five year is shown below

Projected Balance Sheet					
PARTICULAR	First Year	Second Year	Third Year	Fourth Year	Fifth Year
SOURCE OF FUNDS					
Capital	500,000	908,900	1,328,990	1,932,648	2,622,399
Add: Net Profit	558,900	900,090	1,083,658	1,289,751	1,746,478
	1,058,900	1,808,990	2,412,648	3,222,399	4,368,877
Less: Drawings	150,000	480,000	480,000	600,000	600,000
	908,900	1,328,990	1,932,648	2,622,399	3,768,877
Creditors	92,500	106,375	122,331	140,681	161,783
TOTAL (A)	1,001,400	1,435,365	2,054,979	2,763,080	3,930,660
APPLICATION OF FUNDS					
Fixed Asset					
Opening	240,000	201,000	470,600	405,185	818,635
Addition During The Year	0	350,000	0	550,000	2,200,000
Gross Block	240,000	551,000	470,600	955,185	3,018,635
Less: Depreciation	39,000	80,400	65,415	136,550	445,318
Net Block	201,000	470,600	405,185	818,635	2,573,318
Deposit	60,000	60,000	60,000	60,000	60,000
Current Asset (Sundry Debtors)	520,000	520,000	589,000	618,705	812,826
Bank	63,800	235,000	791,000	1,063,000	383,000
Cash	84,600	95,765	173,794	184,740	101,516
Preliminary Expense	72,000	54,000	36,000	18,000	0
TOTAL (B)	1,001,400	1,435,365	2,054,979	2,763,080	3,930,660

Table 2

14.3. Cash flow statement

Cash flow statement was created for first Five years of operation on the following cash flow of business

Projected Cash Flow Statement					
	First Year	Second Year	Third Year	Fourth Year	Fifth Year
Sources:					
Cash Retention (Opening)	-	84,600	95,765	173,794	184,740
Capital Contribution	500,000	-	-	-	-
Withdrawal From Bank	-	-	-	-	680,000
Decrease In Working Capital	-	13,875	-	-	-
Net Cash Profit	615,900	998,490	1,167,073	1,444,301	2,209,795
Total	1,115,900	1,096,965	1,262,838	1,618,095	3,074,535
Application:					
Investment In Fixed Asset	240,000	350,000	-	550,000	2,200,000
Deposit	60,000	-	-	-	-

Proprietor's Drawings	150,000	480,000	480,000	600,000	600,000
Increase In Working Capital	427,500	-	53,044	11,355	173,019
Preliminary Expense	90,000	-	-	-	-
Deposit In Bank	63,800	171,200	556,000	272,000	-
Cash Retention (Closing)	84,600	95,765	173,794	184,740	101,516
Total	1,115,900	1,096,965	1,262,838	1,618,095	3,074,535

Table 3

14.4. Break Even Details

Break Even Details	First Year	Second Year	Third Year	Fourth Year	Fifth Year
Revenue Through Advmnt	5320000	6240000	7068000	8069610	9753912
Other Revenue	0	0	0	0	0
Total	5320000	6240000	7068000	8069610	9753912
Variable Cost					
Printing Cost	2,220,000	2,553,000	2,935,950	3,376,343	3,882,794
Shipping Cost	360,000	414,000	476,100	547,515	629,642
Marketing Cost	180,000	207,000	238,050	273,758	314,821
Demo Copy	36,000	41,400	47,610	54,752	62,964
Total Variable Cost	2,796,000	3,215,400	3,697,710	4,252,367	4,890,221
Contribution	2,524,000	3,024,600	3,370,290	3,817,244	4,863,691
Profit Volume Ratio In%	47.44	48.47	47.68	47.30	49.86
Total Fixed Cost	1,903,000	2,024,500	2,164,225	2,376,459	2,880,013
Break Even Point In %	75.40	66.93	64.21	62.26	59.21

Table 4

Break even details calculation is $FC/S-VC$

Where..

FC= Fixed cost

S=sales during the year

VC=Total Variable Cost

14.5. Business Ratios

14.5.1. Current Ratio

This ratio provides a clue as to the debtor's immediate borrowing ability and also tells a story about current cash flow. It is important to know whether or not over the years if Current Assets are increasing over Current Liabilities. Ideally, the "Asset to Liability Ratio" should be greater than one. Current Ratio for the 5 year is 7.23, 7.99, 12.70, 13.27 and 8.01 respectively. Therefore, the average current ratio for the five years is 9.84

14.5.2. Asset to Equity ratios

An Asset to Equity ratio greater than two means that a company uses more debt than equity to finance its assets. An Asset to Equity ratio less than two means that a company uses more debt than equity to finance its assets. Asset to equity Ratio is 0.22, .354, .197, .29 and .65 respectively and comes to average .3422. These show company has sound in asset to equity ratio

14.6. Cash to Assets ratio

Ratios greater than one demonstrates a firm's ability to cover its current debt, but ratios that are too high might indicate that a company is not allocating enough resources to grow its Business. The cash to asset ratio for this company is .19, .314, .915, .833 and .14 respectively for the first five year. And it comes to an average of .478.

Based on the results from the questionnaire, the following were obtained regarding the needs while looking for a magazine.

Reason	Most Important	Important	Neutral	Unimportant	Most Unimportant
Language	52	8			
Price	56	4			
Availability		55	5		
Educational		9	27	19	5
Mythology based				5	55
Content	58	2			
Size and colours used		40	15	5	
Free Gifts		5	20	35	
Fun & Entertaining		30	25	5	
Colourful pages	18	28	14		

Table 5: Opinion to Know What the Readers Look Out For While Buying Magazines

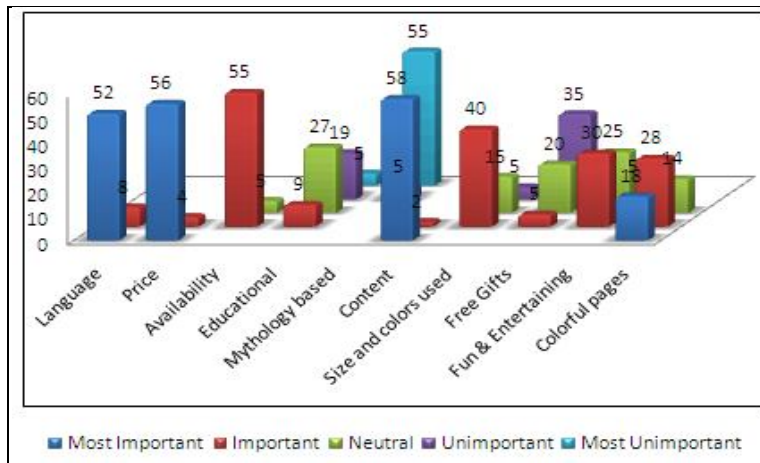


Figure 2

Based on the findings of the client questionnaire survey the following can be concluded and summarized. The conclusion is limited only to the critical factors to be considered for the new start up business.

Firstly, considering the Promotional activities and its importance a major sector of the client’s respondents seemed to have agreed that the promotional activities have a greater role to play in the success of the business. The promotional activities in whichever way undertaken seems to be beneficial since it attracts the readers / customers from a wider horizon thus exposing the nature and the activities of the business which helps in the ROI.

Secondly, considering on the factors that could prove to be a demotivating factor to the sales are competitors Potential and Scalability; Financing; Transferability; Advertising; Value of the product for the customer, out of these factors prime importance is again given to the advertising; Advertising can also prove to be a factor that could affect the sales. Hence, the advertising strategy has to be planned accordingly which is favorable to the business i.e., with a reasonable investment in the advertisements which reaps profits for the business as well. Advertising in the monthly magazines also prove to be beneficial since it attracts the readers and a larger percentage of the population opt for monthly magazines. Hence Advertisements are the prime Benefits for the business.

Thirdly, focusing on the right segment of the customers for the business is also very important. Since this FMM Magazine is a regional magazine the Target Customers would be the Indians who are settled in UAE. There is a huge population of Kerala nationals in UAE which also determines higher rates of success for the FMM Magazine.

Lastly the most important factor, i.e., to choose the while giving an advertisement in another magazine is to rely on the regional entities, i.e., the current quality of that magazine in which the advertisement is to be given, to check if it meets the desired requirements, the contents that is covered in the magazine, if the advertisement can be given in a relevant section, the language of that magazine, if it would be able to convey the right message to all its readers, the editorial board for that magazine. If all these factors satisfy our needs of advertising then the cost of the advertisement is being discussed on for the final stage.

All of the above factors when incorporated would prove the business to a stepping stone to success.

15. Conclusion

Mallu Talks is the first-of-its-kind initiative targeted at the Malayalee community. There are many good quality magazines in Malayalam, which we get across the UAE. But all of them come at a price. But for the first time Mallu Talks will appear on stands free of cost, but with the same quality of content. We can assure you that the quality on Mallu Talks will be on par with each of those magazines backed by huge publishing houses. The fact that the average reader will get the same quality information, entertainment and awareness, free of cost, is in itself a very inviting proposition. Hence we propose Mallu Talks, the first and only free Malayalam magazine, to be encouraged and supported.

16. Future Scope

The concept of a free magazine and a facebook page will help its viewers to acquire knowledge about the various products available and benefit its producers by giving them revenue through the advertisements put in the magazine and facebook page. Through these means the advertisements will reach the consumers without any cost and have an effect on their lives. In today's world where people look to economize on things development of a free magazine and facebook page will be beneficial as products are very costly.

17. References

1. Woodside, A. G., & Reid, D. M. (1976). Choosing Competing Magazines for Tourism Advertising Programs Using a Net Approach. *Journal of Advertising*; 5 (3), 25.
2. Pollock, F. (1977). The Common Cents approach to consumer reporting. *Columbia Journalism Review*, 16 (3), 37.
3. Rinallo, D., & Basuroy, S. (2009). Does Advertising Spending Influence Media Coverage of the Advertiser? *Journal of Marketing*, 73 (6).