Feasibility Analysis

Top Deck

Baseball Card subscription service

**Executive Summary**

 Top Deck is a new monthly subscription box that provides new era baseball cards to your front door. Top Deck provides new and old collectors a taste of the new cards coming out each year like a present each month.

 This feasibility analysis will have a review of the product and the business concept laid out in the rest of the paper. While collecting baseball cards is not as popular as it used to be before the explosion in number of cards in the 1990’s, the monthly subscription box service has seen great success in Mystery Tackle Box, Dollar Shave Club, LootCrate, and Stitch Fix. We are looking to take a piece of the baseball card market and provide a service to make it easy for collectors to start and continue to collect.

 Market research shows that Top Deck will require some time to become profitable. Somewhere during month fourteen we will start making money back after some fairly high start-up costs for a small business. Once we reach over 1000 boxes sold per month the business will become much more profitable. Covering the startup costs will be partly the requirement of Anthony and Luke with some help from family and friends.

**Table of Contents Page Number**

Market Investigation 3

Industry Analysis 3

Competitors 4

Product and Service Plan 5

Marketing Strategy 5

Distribution 6

Pricing 6

Goals and Timeline 7

Estimated Financial Statement 7

Projected Expenses 8

Income Statements 9

References and Websites Used 11

**Market Investigation**

 Top deck is a monthly subscription service for baseball cards. It helps new and old collectors get their hands on a box of random packs of baseball cards. Like opening up a present each month. The process will be as simple as creating an account online with an email address, billing and shipping address as well as credit card information for payment. The customer will have the option of recurring monthly payments or to pay for three and six months in advance.

 Our customers will be of the 74 million who attend baseball games each year. The experience of seeing a game in person will increase the likelihood of these people to want to spend money and collect the cards of the players they have seen in person. Of these people 75% are above the age of 33. 70% of this age group is male and 83% are white. It also makes sense based on this age group that some of our customers would be fathers looking to get their kids collecting the new cards of players that would be relevant to them. Passing on the hobby to their kids would be a good bonding experience which our business could tackle and find a niche market for selling.

**Industry Analysis**

 The industry we will be working with is in card collectors and services. We provide a service in that we will be providing packs of cards being shipped to the customer’s door each month so they do not have to source the cards online or go to the store to buy them on their own. It will make life easier for new era card collectors.

 Demand for Top Deck would be most affected by the number of cards printed as seen from the crash in the 1990’s from overprinting. The vintage card market could also play a large role as more collectors are later in age and may be less interested in the current era that we are trying to provide our service for. There is also a rise in cards being used online. Something like the Topps Bunt series we could still use as they provide a physical card that has a code to be used online with games. There is also much less of a need for cards since the rise of the internet in general because it is much easier to find player stats online than it is to sift through a large number of cards and look at the back to find the stats of your favorite player. Along with this there is the introduction of apps to keep track of digital cards as well as favorite players and teams. This further lessens the need for a physical card.

**Competitors**

 Some of our competitors would be the similar product SportsCrate. They provide team specific memorabilia, but only operate for five months out of the year. The main difference is the likelihood of getting tradable cards from their boxes would be very low and if that were the case the only way to distribute the right team would be to have cards out of packages already. This taking away from the addictive gift opening aspect and the unknown of what you will receive as a tradable gives us a slight advantage as well as our box being about eight dollars cheaper after our shipping cost.

Another direct competitor would be Card Crate. They provide a service that is very similar to our concept, in that they repackage hobby packs of sports cards so customers get a variety in each box. They do provide crates for baseball, basketball, and football. Card Crate offers one, three, and six month subscriptions with a slight discount if you go with the three or six month options. Our main advantage is that we would be giving our customers one to two more packs per box than card crate offers their customers, for the same price once shipping is accounted for.

**Product and Service Plan**

 The product is very simple as we will be buying discounted cases of cards and distributing them between customers at five to seven packs depending on the month. In order to maximize customer service, we will have a comments section and a work email linked on the website for customers to voice their comments and complaints. As there are only two of us doing the work we will be the ones to respond to these comments. Unless there is an issue with shipping, the cards should stay in good shape as they will be packed with packing peanuts so it should extremely reduce the chance of damaged cards.

**Marketing Strategy**

 Our marketing strategy is based on social media and word of mouth. We would create accounts for Top Deck on Facebook, Twitter, and Instagram. Facebook and Twitter have advertising options that allow you to set a budget for each day. Our budget per day would be $3.00 per platform. For the Facebook ads we would use their pay per impression option, and for Twitter we would use their clicks and conversion option. Twitters pay per clicks and conversion would be the most beneficial because we would only get charged when a person actually goes to the Top Deck website through the ad.

 We would also try to use word of mouth to our advantage. Anthony is involved in multiple Facebook groups that are based on buying, selling, and trading baseball cards. The largest has over 11,000 members. Card collectors are a tight knit group and if we could make a good impression in these groups word of our product could spread rapidly. Anthony would spend ten hours per week spreading the word of Top Deck throughout the various groups. This would add an additional $9.00 an hour to our marketing budget.

 Our final marketing strategy would also be reliant on word of mouth. We would try to start campaigns on Twitter and Instagram for people to show off the “hits” they get in our Top Deck boxes (autographs, jersey/bat, short print, and rookie cards). The goal here would be to generate more interest in our product if collectors can see that our customers are getting good hits.

**Distribution**

 With our website we will have it set up to let the customer choose the best option for them when it comes to shipping through UPS. They run a very simple three to six business day shipping policy with a good tracking service. Boxes will be sent out on the first of each month regardless of the shipping option chosen. The packs of cards will be placed inside a small box then the remaining space will be filled with packing peanuts to reduce the movement of the cards to prevent bending and scuffs between cards. Then the box will be sealed with packing tape and sent off to UPS. The reason for choosing just one company for shipping is that it will eliminate the chance that the package goes to the wrong shipping service and never delivered to the customer.

**Pricing**

 The price for a single box will be $25.99 plus the cost of shipping on the customer end. It is a monthly subscription and there will be no additional benefit to buying multiple boxes up front.

**Goals and Timeline**

 One of our main goals is to increase sales at a steady rate. We anticipate some stagnation throughout the process, but overall if we can increase sales by fifty to one hundred boxes per month we would be profitable by month fourteen. We hope to accomplish these goals with our marketing efforts on social media advertising and word of mouth.

 Another goal would be to negotiate with our supplier to get an increased discount on inventory as our orders increase in size. If we can cut inventory costs even by five percent for every ten thousand packs we buy, it would cut our cost dramatically and improve our profits.

**Estimated Financial Statement**

Profit Assumptions

* Each box selling for $25.99
* Marketing strategies through social media and word of mouth with increase our sales by nearly triple with a reasonable starting point of 250 boxes based on competitor data.

Expense Assumptions

* Replenishment of shipping supplies monthly
* Inventory replenishment bi-monthly or based on number of boxes sold for previous month
* Label printer will be donated and will not actually be included in Start-Up costs for first month
* Marketing through business Facebook, Twitter, and Instagram accounts will not cost anything
* Marketing with ads on each of the social media platforms we will allow for $3 dollars a day for pay per click or pay per impression ads.

**Projected Expenses**

|  |  |
| --- | --- |
| Start-Up Costs |  |
| Item |  |  |
| Initial Inventory |  | $6,277 |
| Shipping Supplies |  |  |
|  | Boxes | $1,708 |
|  | Packing Peanuts | $145 |
|  | Packing Tape | $73 |
|  | Shipping Labels | $19 |
|  | Label Printer | $100 |
| Website |  | $10,000 |
| Total |  | $18,322 |
| Multiplier | Total\*1.2 | $21,986 |

**Income Statements**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Month | Sales | Revenue | Expenses | Profit |
| 1 | 250 | $3,688 | $22,532 | -$18,845 |
| 2 | 300 | $4,425 | $1,040 | $3,385 |
| 3 | 350 | $5,163 | $9,230 | -$4,068 |
| 4 | 400 | $5,900 | $1,040 | $4,860 |
| 5 | 450 | $6,638 | $11,460 | -$4,823 |
| 6 | 550 | $8,113 | $1,040 | $7,073 |
| 7 | 550 | $8,113 | $13,100 | -$4,988 |
| 8 | 600 | $8,850 | $1,040 | $7,810 |
| 9 | 600 | $8,850 | $14,190 | -$5,340 |
| 10 | 650 | $9,588 | $1,040 | $8,548 |
| 11 | 650 | $9,588 | $15,282 | -$5,695 |
| 12 | 700 | $10,325 | $1,040 | $9,285 |
| 13 | 750 | $11,063 | $17,466 | -$6,404 |
| 14 | 800 | $11,800 | $1,040 | $10,760 |
| 15 | 900 | $13,275 | $21,242 | -$7,967 |
| 16 | 950 | $14,013 | $1,040 | $12,973 |
| 17 | 1,000 | $14,750 | $22,880 | -$8,130 |
| 18 | 1,000 | $14,750 | $1,040 | $13,710 |
| Totals | 11,450 | $168,888 | $156,742 | $12,146 |

 Top Deck starts becoming profitable at month 14. However, based on our bi-monthly replenishment of inventory to supply boxes we will be taking losses on months that we purchase more inventory. The profit starts to come in more heavily after we start selling more than 1000 boxes a month.

 There should be growth for the first 18 months as more people will learn about our product. However, as we purchase more inventory to supply this growth we may run into problems where discounted card cases become more scarce which would add in a variable cost. This could also work in our favor as case discounts may show up during peak sales times like Black Friday through Christmas and just prior to the start of the baseball season.

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