Hudson Valley Renegades Analysis

Final Project

Sample Inc.

By

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# Executive Summary

 The Hudson Valley Renegades has asked business students of Marist College to help propose a new product or service in order to increase their annual fan base or revenues. Our company, Ink’d Inc., has derived a solution to this problem through expanding their team store by the creation of personalization.

 In order to fulfill this concept of personalization, Ink’d Inc. proposes a new type of product that compliments the Renegades’ market for apparel. Our company plans to create and sell new, simple T-Shirts for $10 each that contain the Hudson Valley Renegades logo on the front of the shirt. Fans will now have the option to personalize these shirts, or other Renegades shirts that can be bought at the team store for a higher price. Our personalization will allow fans to add any name to the back of the shirt, as well as any number, if they choose to do so.

 To meet the demands of this project, two printing machines can be purchased for only $1,500 each, as well as $.02 iron-on letters and $.25 iron-on numbers. This personalization will be offered and distributed within the Renegades’ team store, located in Dutchess Stadium, in order to promote and provide an incentive for fans to return to games and/or buy the product. Each shirt with the logo will be sold for $10 each, and each letter will cost $1.50, as well as $2.50 per number.

 Our product also fulfills the Renegades’ current marketing slogan, “Be Your Own Fan,” as it supports and promotes the concept of total originality and individualism. Additionally, children will have the opportunity to show off their design at the end of every home game by running around the bases in order to encourage and promote other fans to design their own shirt.

# Introduction

 The Hudson Valley Renegades provide a strong sense of tradition by making history a main priority to their foundational aspect of the team. The Goldkang group, owners of half a dozen minor league teams across the country, make it known that building tradition and keeping it alive is something that has revolutionized the league immensely. Participation in the game for spectators is one of the main characteristics that the Hudson Valley Renegades has noticed to help keep the tradition alive. For example, some elements of participation that the team has are: saying “Play Ball,” having the first pitch, and having a catch with a player. These different types of activities allow for the fans to fully engage themselves with the game (“Hospitality Guide”).

 The Hudson Valley Renegades are a local minor league baseball team that has an affiliation with the Tampa Bay Rays. They have been around for over 15 years and counting. They are located in Wappingers Falls, New York and play their short season at Dutchess Stadium. The team was originally founded as the Erie Sailors and had an affiliation with the Texas Rangers. They decided in 1994 that they were going to move to the home of the new Renegades, Hudson Valley and switched to the current affiliation with the Tamps Bay Rays. The Hudson Valley Renegades decided to move over to New York because it was seen as more of an opportunity to excel in the New York- Penn League. Jared Sandberg is the current manager of the Hudson Valley Renegades and he practices the same tradition that has been promoted throughout the years (“Renegades History”).

## Statements

 Although the Hudson Valley Renegades were initially established as solely a minor league baseball team, they ultimately have one mission and vision that they wish to fulfill: entertainment for everyone. Although the Renegades do not have a formal mission statement, Kristen Huss, the Director of Ticket Sales and Operations, said that “The Hudson Valley Renegades are committed to delivering special high quality and positive experiences to our fans throughout the year. We are dedicated to bringing high quality baseball and affordable family entertainment to the best fan base in minor league baseball!”

 The Renegades’ recent marketing slogan, “Be Your Own Fan,” embodies their core beliefs and overall mission. According to a Press Release announced by XCO Sportslink:

 “The origin of BYOF comes from the varied and unique experiences afforded at the park, and the individual fan’s ability to choose the one that fits their desire. Whether they attend purely for the entertainment factor, the ballgame, or the camaraderie with friends and family, this allows for a customized approach, which embodies the essence of BYOF” (Adams).

 The motto, “Be Your Own Fan” was established by The Goldklang Group, which is a sports entertainment consulting and managing firm. This firm represents five minor league teams, including the Hudson Valley Renegades, Charleston Riverdogs, Fort Myers Miracle, Pittsfield Suns, and Saint Paul Saints. Rather than teams in the MiLB focusing on their own home market in minor league baseball, The Goldklang Group strives to empower fans to create their own memorable experiences at each game (Goldklanggroup.com).

 The Hudson Valley Renegades realize and represent this mission and vision through their various forms of hospitality and entertainment. The team attempts to appeal to all types of fans through a diverse assortment of activities, including: Pre-Game Picnic, BYOF Ultimate Excursion, Playland Corner, Adult Birthday Parties, Children’s Birthday Parties, Pre-Game Performances, Baseball Buddies Program, Pre-Game T-Ball/Catches, Ceremonial First Pitch, and several other activities. The Renegades additionally believe that, “The upcoming season will be filled with wacky promotions, stunning fireworks, competitive baseball and unforgettable family entertainment. We hope you join us this summer to continue creating lasting memories at the ballpark” (“Hospitality Guide”).

## Development

The Hudson Valley Renegades have been successful in drawing crowds to their home games ever since they moved into Dutchess Stadium. This success can be attributed to the owners continued commitment to provide a fun and exciting environment for fans of all ages to enjoy a professional baseball game. The Renegades have been able to maintain an average attendance of over 4,400 people per game since 2005, in a stadium that only houses about 4,500 people. They even had a season where they averaged 4,600 people per game (“Hospitality Guide”). They have been able to have this type of consistent continued success because of their continued growth in enhancing the fan experience. They prevent the fan experience from become boring and washed up by continually adding new events and attractions to the game. This commitment can easily be seen through their development and addition of mascots. Upon their arrival to Dutchess Stadium in 1994, they added to the original mascot Rookie, a raccoon, by introducing a new female mascot Rene Gade, to be Rookie's girlfriend. Two years later, the Renegades orchestrated a marriage between the two, featuring a plane that flew around the stadium, pulling a banner featuring Rookie's wedding proposal. This event helped entertain the crowd, beyond just the baseball game, and lead to a sold out crowd. They did not stop there, adding another mascot Rascal, the son of Rookie and Rene, during the 2000 season. There are even appearances by Rookie's father Rufus during games. This just shows how the fan experience is the main focus of the Renegades organization. They even started doing firework shows after select games to give fans an extra bang for their buck. For the 2014 season, there will be a fireworks show after 16 of their home games. In addition, they continue to add and update their selection of concessions and merchandise that is sold at Renegades games, which now even includes a beer garden. They have also added a patio area for fans to enjoy different foods before the game starts. In 2013, they even updated their uniforms, changing the color scheme as well as the logo for the team. More recently, the Renegades have continued to grow their community recognition by hosting a myriad of fundraising and charity events. By hosting these charity events, they become more involved with the community, expanding their brand recognition, all while helping out a good cause (Thomaselli). They have always focused on family fun and entertainment at the games, and continue to do that today.

## How do the Hudson Valley Renegades Operate?

One major aspect for keeping a business running is their operation. This entails their production, distribution, sales, marketing, and many other modes of operation as well. The Hudson Valley Renegades are not an exception to this trend. Their franchise is based off of the ideals of fun but there is a lot of business and financing done behind the scenes.

The Renegades production and sales are their main modes of operation. Much like other baseball teams, they participate in the production and sales of apparel. They sell about eight different kinds of caps with logos and team names on them for about $20 a cap (Hudson). They also sell beanie babies, baseball cards, and ornaments to target the younger kids and collectors for about $10 each. This is only a minimal constituent to the total sales. Most of the revenues are made through ticket sales, parking and concessions (Personal Communication, February 12, 2014). The Renegades offer many different ticket packages and deals to entice the customers. Single tickets can be purchased for $6 for general admission. There are also group ticket sales, picnic tickets, skybox seating, and specialty seats. If customers are looking to purchase tickets for multiple games there is also an option for mini-packs special offer (Ticket).

Marketing is also a segment of their modes of operation. Marketing is how a business advertises and gets their name out to the public. A few ways that the Renegades advertise are through radio commercials, the local newspaper, and local television. There is now an iPhone application called, “Be Your Own Fan,” where you can get up-to-date information on the Renegades, check out starting lineups before you pull into Dutchess Stadium, and get live updates while the team is on the road (Renegades). The Renegades are the first Minor League Baseball team to create a fan-based application.

Operation is key when it comes to many businesses even with a minor league baseball franchise like the Hudson Valley Renegades. They make their revenues through production and sales and keep in touch with their fan bases through marketing and product development.

## How the Renegades Make Money

 The Hudson Valley Renegades are in the entertainment industry more so than they are in the sports industry. This means that the fans they attract are diverse—not all of the attendees care about baseball. In fact, an estimated 95 percent of fans at Dutchess Stadium are unaware of the score at the game (Personal…). To attract fans, the Renegades spend about $400,000 per year on direct advertising and place advertising, getting their name out on the radio, TV, and in print (Personal…). As a result of these efforts, the Renegades fill Dutchess Stadium to about 4,300 seats on an average game night (MiLB). Of the tickets sold, roughly one-third are season tickets, one-third are group tickets, and one-third are individual tickets (Personal…). General admission tickets are $6 and season tickets start at $250 per seat (“Ticket Options…”). Group ticket package prices can be negotiated based on the size of the party. The Renegades attract groups such as karate and dance schools to games. The groups are encouraged to showcase their talent in a pregame performance so as to advertise for their company. In this way, the Renegades sell more tickets than they otherwise would and the groups themselves benefit from showing off their talent. As a whole, ticket sales account for roughly one-fourth of the Renegades’ revenue (Personal…). Because the Renegades players are paid by the Tampa Bay Rays organization, the ticket prices can remain low and allow families to buy food and merchandise.

At approximately 30 percent of annual revenue, food and beverages sales are an integral part of the Renegades’ business plan (Personal…). New in the 2014 season will be the upgraded concession stand which will feature an expanded menu and a professional staff that hopes to increase efficiency from years past. Some of the new deals include an all-you-can-eat barbeque for $30 per person, the MVP Picnic for $26 each, and the TailGade patio for $22 each (“Picnic Patios…”). These prices include a ticket to the game and will be raised $3 on fireworks nights. The Renegades use promotions such as fireworks nights to try to attract more fans, especially families.

The outfield walls of Dutchess Stadium are adorned with corporate sponsor advertisements. These companies target families because the Renegades promote family fun. Corporate sponsorships account for about one-quarter of annual revenue.

The final part that contributes to the Renegades’ revenue is non-traditional revenue. Events such as Little League Night, concerts, 5k races, and carnivals bring in the rest of the Renegades’ revenue. In total, there are on average 18 of these events per year and the Renegades front office is always trying to find more ways to bring in more non-traditional revenue (Personal…).

 There are many extra options to “be your own fan” at the ball games that cost money. Announcing “Play Ball!” at the beginning of the game costs $50, throwing out the ceremonial first pitch costs $100, fielding the ceremonial final out of the game costs $100, and singing “Take Me Out to the Ballgame” costs $100 (“On-Field Experience”). These extra options are easy ways for the Renegades to make money and are very popular among families with young children. The Renegades look to sell fun in any way they can.

# Competition

## Entertainment Industry

The Hudson Valley Renegades have operated within the Entertainment Industry for twenty-one years. Entertainment is a very difficult industry to be apart of because there are such a large amount of competitors and there is such a large variety of entertainment. The Renegades focus on fun instead of baseball; this tactic keeps them successful because the fans are focused on the fun and the events and the inflatable slides rather than the baseball game itself.

 The Entertainment industry is a multi-faceted industry that typically consists of film, television, music, and live entertainment. Minor League baseball is not a very popular event. People can go to major league games and see better talent at bigger stadiums so the minor league teams have to come up with a way to increase popularity which is entertaining the fans in other aspects rather than just baseball. Another reason for the popularity of minor league baseball is that it is considered affordable family entertainment at the local level. New stadiums with new facilities also have helped to create a welcoming atmosphere (What). Families can get away from the stressful jobs and school and enjoy a day full of great food, inflatables, and a great on field experience in beautiful weather. Although the Renegades’ job is to entertain and create a great experience for the fans, this can be sometimes difficult because of the large variety of competition in the entertainment industry. Movie theaters, professional sporting events, water parks, and mini golf are just a few examples of competitors to the minor league team in the summer (“What Makes Minor League Baseball Teams so Popular?”).

## Major Competition

 Due to the Renegades’ location in Wappingers Falls, New York, the team is forced to face major competition in the entertainment industry throughout Dutchess County. Major neighboring towns include Fishkill, Poughkeepsie, Hyde Parke, and Rhinebeck, which are located between seven to 40 minutes away from Dutchess Stadium. Each of these towns contains attractions and activities that appeal to children, teenagers, and families as a whole.

 One recent major competitor of the Hudson Valley Renegades includes another minor league baseball team: the Rockland County Boulders. This un-affiliated minor-league team is located just 40 minutes south from Dutchess Stadium in Pomona, New York. The Boulders play in the Can-Am league and was founded in 2011. Their new, state of the art stadium, Provident Bank Park, seats 4,500 and offers similar activities/events as the Renegades (“Provident Bank Park”). Similar to the Renegades, the Boulders serve in the entertainment industry, and they offer an array of amusement including: fireworks, Kids Zone playground, Kids Club membership, “Bridge Bar” in right field, activities with the team mascot, BoulderBird, baseball camps, and group suites (Balsan).

 Located merely 11 minutes away from Dutchess Stadium, Splash Down Beach is a popular waterpark amongst many families and contains water rides that appeal to all age groups. The prices of the tickets range from $22 to $38 and includes access to the racing slides, spinning teacups, children water playgrounds, half pipes, body slides, enclosed tube slides, wave pools, lazy rivers, open pools, and the beach. America’s Biggest Little Waterpark!**™** is open from May 24 to September 1, which directly overlaps the Renegades baseball season, thus making the waterpark a major competitor (Splashdownbeach.com).

 Another competitor that operates during the same season as the Hudson Valley Renegades includes the Hyde Park and Overlook Drive-In Movie Theatres, both of which are located approximately 25 minutes away from Dutchess Stadium. They each hold a large capacity of 750 cars, have been operating since 1949 and 1955, respectively, and are family owned. They feature two newly released films each night, and costs only $9 for adults and $5 for children. Both theatres operate in the spring and summer season (Overlook Drive-In).

 For the families that often attend the Renegades games, another competitor is Rocking Horse Ranch Resort, which is located 30 minutes north from the stadium. Although it is pricey, ranging from $140 to $250 per night, it offers many various events and activities for the entire family throughout the spring and summer. The resort contains major activities included in the overall price, such as horseback riding, outdoor water sports, rock climbing, miniature golf, wildlife exhibit, bungee jumping, several sports, and competitions between families (Rocking Horse Ranch Resort).

 During one week in August every year, the Dutchess County Fair comes to Rhinebeck, which is located 40 minutes away from Dutchess Stadium. The fair is the second largest county fair in New York State, hosts up to 400,000 patrons each year, and has been a tradition of the Hudson Valley for 167 years. Attractions and events as the fair appeals to members of the entire family and includes: petting zoos, carnivals, free shows/exhibitions, arts and crafts, concessions, and many other various activities. This year, the fair will take place from August 14 to the 24th, which falls on the second to last week of the Renegades’ season, thus labeling this form of entertainment as a competitor (“Fair Features”).

Bounce Trampoline Sports is a major competitor for the Hudson Valley Renegades because it is the latest and most exciting fitness trend to recently. With interconnected trampolines, Bounce allows kids of all ages to get a fun workout by playing popular indoor sports. Bounce attracts many people because it allows for family events such as birthdays with big groups to attend. It is a major competitor because it is something that is new to the area Poughkeepsie therefore a lot of people are going to want to test it out. It also appeals highly to younger children who are a main aspect in the Hudson Valley Renegades marketing strategy (BOUNCE news).

Another main competitor is Hyde Park Roller Magic. Hyde Park Roller Magic is a family hosted facility that has a variety of activities ranging from; roller-skating, in-line skating, birthday parties, holiday skate parties, dances and fundraising events. There is a live DJ that loves to engage the parties participating in the events immensely. It is a main competitor of the Hudson Valley Renegades because it is a historic place that has been around for a long time in the local area. This is challenging to compete with because its name has now been around for a very long time and attracts many families from generations (Hyde Park Roller Magic).

Another main competitor is Trevor zoo. Trevor Zoo is the only zoo in this country that is located at a high school. It was established in 1936 at Millbrook School in New York. Right from the start this is a huge competitor because it has history and individuality over the Hudson Valley Renegades. Trevor Zoo houses more than 180 exotic and indigenous animals and it is over six acres big. Because of this specificity of this zoo and the uniqueness of it, Hudson Valley Renegades are in major competition with them to attract younger children. Along with that, older people that want to get out and go to a zoo are also a concern because that may be taking away from the fans that will be attending a Hudson Valley game (Millbrook School).

Overlook golf and recreation center is another main competitor for the Hudson Valley Renegades. This golf center is a family recreation center that is located in Poughkeepsie, New York in the upper Hudson Valley area, which is also known as Dutchess County. Just by the location of this center, one can see that this would be a competitor because they are both in nearly the same area, therefore, sharing the same people. One way that Overlook Golf and Recreation center competes with the Hudson Valley Renegades is by featuring a driving range, miniature golf course, batting cages and a state of the art go kart track. It offers party packages for birthdays and big groups, attracting people of almost any age (Overlook Golf and Recreation Center).

## Vis-a-Vie

The Renegades clearly face stiff competition from the rest of the entertainment industry in Dutchess County. Despite this, they have been able to keep attendance numbers high as a result of their continued commitment to providing entertainment for people of all ages, as well as their unique position as a sports team. These benefits have allowed the organization to stay competitive in comparison with their competitors.

 Movie theaters are an example of strong competitor for the Renegades. With similar price points for admission and durations of entertainment, movies are actually one of the Renegades biggest competitors. With at least 5 different indoor movie theaters and 2 drive in theaters in Dutchess County alone, potential customers may be drawn to these venues because they are closer to their homes. Indoor movie theaters also offer an escape from inclement weather, such as rain and extremely hot weather. In these areas, the Renegades are naturally limited by their business of baseball, but it ends up being for the better. During the spring and summer months that the renegades play, people what to enjoy the outdoors and be outside. Especially in New York, where the winter months bring frigid temperatures, and many people are limited to mostly indoor activities. Going to a Renegades game gives people the opportunity to enjoy the outdoors, while being in a comfortable environment. The Renegades also offer a more social, and family inclusive environment for customers. Where in a movie theater, people are expected to remain relatively quite and just watch the movie, a Renegades game allows its patrons to socialize with others around them. The Renegades group seating allows large groups of people to gather and enjoy the game as well as interact with the people around them. Fans can cheer for the team, talk to their friends and family, and kids aren't forced to remain quiet. This also allows for a more diverse amount of activities to suit people of all ages. Some people may go to watch the baseball game, while others may not know who ended up winning the game. While movies generally target individual age groups, a Renegades game can bring fun for all.

 This be your own fan business model translates well against other competitors too, one of which being Splashdown. Even though a waterpark overlaps the same season and outdoor experience as the Renegades, they do not offer the same family experience as the Renegades. A ticket for a Renegades game is less expensive than one for Splashdown, making it more economical for a family or a large group of people to enjoy the game together. The Renegades also aren't as weather dependent as a place like Splashdown. People will only go to a waterpark in hot, clear weather. For the Renegades, as long is its not raining heavily, any mild to hot weather is perfect for an outdoor baseball game. While there are certain situations where a waterpark offers a similar experience, the Renegades have a broader appeal overall that allows them to keep people coming to games.

 For many other competitors, the Renegades are able to keep the price lower to bring in people who don't want to pay a lot of money for their entertainment. Resorts like the Rocking Horse Ranch may offer a great family experience, but it comes a much higher price. You can take a family of 5 to a Renegades game and have food for under $100. The same cannot be said about many other activities. The Renegades definitely have a lot of competition to deal with, but they have a unique niche in the market. As long as they can keep evolving their ideas of affordable entertainment for the entire family, they can stay competitive. The fact that the price is relatively low, and an entire family can go together and be entertained is their strong point. As long as they can continue to deliver on those two things, they can stand up to any competition around them.

## SWOT Analysis

An analysis of the current state of the Renegades will help us determine how we can be of most use to them as a consulting firm. We will highlight their strengths, weaknesses, opportunities, and threats in order to maximize the potential revenue they can earn in the 2014 campaign. Kristen Huss, the Renegades’ Director of Ticket Sales and Operations, was kind enough to provide us with valuable information regarding the organization’s strengths, weaknesses, opportunities, and threats.

## Strengths

The Renegades pride themselves on being affordable for all families and keep ticket prices low to attract the most amount of fans they can per game. General ticket prices are $6, which is incredibly low compared to the tickets sold at nearby Yankee Stadium or Citi Field for families who want to watch the top baseball talent in the world. They are also quick to pick up on trends. For instance, the Renegades were one of the first minor league teams to have their own app. At the stadium itself, promotions always are about what is current in popular culture. Themed nights are tailored to what is current and are aimed to grab attention. Another trend the organization pays close attention to is the types of food people like to eat. Food items that are not popular on the menu are done away with, and 2014 will feature a professionally run concession stand. The menu will be determined on what sells.

The Renegades have strong roots in the area, as they have been around for 21 years and season ticket holders from the inaugural season still come out to Dutchess Stadium expecting a fun night. The team has great connections, as they are owned by the Goldklang group that owns five separate baseball teams. Being affiliated with the Tampa Bay Rays means that the Renegades do not have to pay the salaries of their players. The Renegades try to play their strengths in order to make the most money.

## Weaknesses

While the Renegades are a successful minor league franchise, they do lose money due to some weaknesses. Dutchess Stadium was built in 70 days and the construction did not take into account the possibility of rain. The stadium is open to the elements and fans—read money—are scared away from the park when there is threat of rain. Also, being affiliated with the Rays means that the Renegades have no say in who their players will be each season. Because of this, they cannot market using their players. Players rarely last more than one season in a Renegades uniform. The front office pays attention to these weaknesses and tries to minimize losses their weaknesses account for.

## Opportunities

Even a 21-year-old team looks for fresh ideas. A new turf field is to be installed prior to next season. This means that the Renegades can charge for soccer, baseball, field hockey, or other sports tournaments to be held using the new field. These tournaments will supply non-traditional revenue, a source of income the front office is always looking to capitalize on.

## Threats

Just because the Renegades are profitable now does not mean they will stay in the black forever. Because the Renegades focus on families, their season ticket holders typically do not last for that long. Once the kids grow up and lose interest, the parents decide to not renew their season ticket package for the next year. In addition, it seems that families have been getting busier and busier, which means they have less time to do things together, such as go to a baseball game. The Renegades compete against other businesses that target families. Finally, the new stadium for the Rockland Boulders is much nicer for the fans than Dutchess Stadium. Fans who want to be more comfortable opt to go to the Boulders games that take place only 45 minutes away by car (Huss).

With this SWOT analysis in mind, we will aim to provide a product that will turn one of the threats—the loss of season ticket holders—into a strength. Our firm has the potential to attract more season ticket holders.

# Renegades Product Proposal

## Product

The product we will introduce to the Hudson Valley Renegades is product personalization for T-shirts and baseball hats. Fans at Renegades games will be able to get custom names and numbers printed onto their Renegades apparel. This will be done by bringing in a heat press machine for t-shirts. Heat transfer graphics would also be needed, and they would include letters, numbers, and custom Renegades graphics. Also, blank t-shirts should be brought in so fans could get t-shirts totally customized how they want them. Existing t-shirts and hats that the renegades also sell could be used, and be printed on. This product would allow the Renegades to give fans a more customized experience, and promote the buying of Renegades apparel. The printing customization of the apparel would be done in the stadium, as soon as the customer requests it. Because it can be printed very quickly, right in front of the customer, they will not have to wait more than a few minutes to get their favorite gear customized. That means they could get it customized and wear their new apparel during the game. The process of customizing is extremely easy to perform, and would require very little specialized training for the Renegades current employees. You just put the shirt on the platform, put the letters, numbers, or custom graphic on top, and clamp down. The whole process only takes a couple of minutes. The customization fans can experience will give fans an extras incentive to buy a hat or shirt at the stadium, because of the added bonus of putting their own name on it. Based on this new product, we would also incorporate promotions and events to introduce and promote this customization. For example, there could be a night where you get free customization with the purchase of a t-shirt.

## Product Market and Competition

Creating a new style of clothing to appeal to fans and becoming their own fan will come in line with many other competitors. For example, the renegades already sell hats and specific apparel so this might create some competition within the already sold apparel. However, as a company we are going to stray away from what is already sold and if our personalization of apparel does overlap with already sold products, then we will make sure that the profits selling our product is greater. Examples of this are the hats and shirts that the Renegades already sell. Apparel sales are a very minute fraction of their total profits so expanding this market will help to increase profits in other parts of the business, while still allowing them to focus on selling the fun. Being able to personalize apparel can also be included in fun, which fits in with the themes they base their business around. Some other competition this might create is between other apparel manufacturers such as Nike, Under Armor, Fruit of the Loom, etc. Our product is more affordable and more profitable than these companies because it will help them to create their own brand and establish themselves in baseball, entertainment, and fan personalization. Having them cheaply create their own apparel based on each individual fan will cost-affectively improve their fan base and sales. There is also a very distinguishable spot in the market for personalizing apparel for the fans. The Renegades pride them selves on the, “Be Your Own Fan,” slogan and concept. Building on top of this concept will help with increase profits with out changing anything else about the Renegades’ business. There is also already a market in apparel sales so it would not be creating a new market. Instead it would be focusing on a few major aspects within their business and combining them to maximize profits.

## Product Market

 Because our product deals with engraving and personalization of Renegades clothing, it directly complements their own product line. The Hudson Valley Renegades store sells apparel, collectibles, novelties, and trading cards. While the store has a decent selection of caps, they do not offer a wide array of clothing options. Due to this factor, our company plans to offer a wider selection of T-Shirts with the Renegades logo on it for customers to customize. Our company will offer customers with the opportunity to personalize any existing or new Renegades apparel, which will help expand the existing market in the Hudson Valley Renegades store located within Dutchess Stadium.

 The qualities that would allow our product line to flourish are that fans can get any personal customization of their choice and that they can bring in any Renegades apparel to personalize. The current Renegades apparel does not contain shirts with players’ names or numbers, so fans can now have the option to create their own shirt or other apparel with the name of their favorite player, or they can create a completely original customization. If fans already own Renegades apparel, they do not need to buy a new product to customize—they can merely bring in their original product to personalize. Therefore, this quality will allow both older and newer fans to invest in Renegades apparel whether it is from purchasing a new item, customizing a previous purchase, or both.

 Additionally, the current marketing slogan, “Be Your Own Fan” that the Hudson Valley Renegades implements will allow our product to flourish. Because this slogan encourages each fan to create and follow their own personal enjoyment to create their ultimate Renegades experience, our personalization complements this concept. The personalization allows each fan to create and individualize their clothing items and products, thus empowering fans to create their own customized experience.

## Production

The production of the customizable t-shirts is very straightforward. To bring our proposal to life, only two printing presses, iron-on letters, t-shirts, and staff are needed. The Renegades do not, therefore, need to hire a third-party contractor to print the shirts, as they will own the materials. Ink’d inc. asks that the Renegades offer a percentage of sales made on the customizable t-shirt sales as compensation for this business proposal.

For the first week of games, the Renegades will hand out free t-shirts to all fans who pay for a ticket at Dutchess Stadium. The shirts will be white and have the Renegades logo over the heart of the wearer. During the game, two printing stations will be set up for fans to purchase letters, numbers, and designs to be put on their shirts, so they can “be their own fan.” This customization will enhance the atmosphere of the crowd and will be popular for families and children. At the end of the games for the first week, fans who customized their own shirts will be encouraged to parade around the bases, showing off their creations. After the first week, the blank t-shirts will no longer be free and the parades will happen prior to the game so as to encourage fans to customize a shirt during the game.

The Renegades are quite capable of setting this up. The printing press, iron-on letters, and iron-on numbers are available for $1,500, $.02, and $.25 each, respectively at stahl.com (Stahl’s). Because the Renegades have a partnership with Nike, they can order t-shirts from them at a low price in bulk. We suggest that the Renegades buy at least 10,000 shirts for the first week, which would cost around $30,000 depending on how the deal turns out (Wholesale Central). If the quote from Nike is too expensive, there are always cheap options the Renegades can choose from such as bulk orders from Hanes or Fruit of the Loom. The customizable t-shirt will attract fans, let them be creative, and is easy to implement.

## Distribution and Marketing

To distribute our product line we have noted the importance of selling our product to the prospective purchasers through our main source, which would be the store. It is important for us to put into consideration that in order for our product to be worthwhile to the customer, they have to be intrigued by it. An important aspect to remember when trying to distribute our product is that the entirety of it has to do with personalization. By selling that idea when describing our product, it will attract the customer because it will allow them to be fully aware of their options. Having concrete, factual and statistic backup is something of major importance when trying to distribute our product because it once again will allow the customer to know exactly what options they have prior to their purchase, restricting them to think twice or question what it would be.

 In distributing our product line, we would analyze the competition in local areas to determine the correct places to advertise. Advertisement will be one of our major key factors to distribute this line of personalization of Hudson Valley Renegade Apparel. By local stores, communities and events advertising our new up and coming product, it will allow the prospective customer to know about our product prior to coming to a game. Eventually, we hope to have our product be advertised in a technology sense such as buying the apparel online. By researching our vendor we will be able to link together different local chains to help market our product. Having a positive connection with local chains, we will be able to get our product marketed around the area to that the customers and fans are aware. This fits with current marketing strategies for almost any product because a connection with larger companies will help to have yours become more popular.

# The Financials

## Cost of Production

When selling a good, production costs are a huge factor in profit and success. With our personalization of t-shirts and other apparel, immediate costs will come to about $131,500 for the first year. The breakdown is as follows. The machine that will press on the logos, letters, and numbers comes to about $1,500 and two will need to be purchased which comes to a total of $3,000. The price of the letters and the numbers comes out to be approximately $15,500, assuming we will need a lot of duplicates so that we do not run out. The biggest expense will be the purchase of all of the t-shirts. In the first week, 20,000 shirts will be shipped to our retail site costing around $60,000. After the first week, we are assuming that another 17,000 shirts will be needed, costing us $51,000. In order to supply these shirts and the personalization to the fans, we will need to hire and train more employees to create and distribute. Our wages expense has been decided on a total of $2,052 for the 35 games. The employees will make $9 per hour working at our stadium. This may seem costly at first, but the revenues generate an excellent profit.

## Selling Price

 After further searching around for a reasonable price of our product that we are trying to pitch to the Hudson Valley Renegades, we have come up with a conclusion. Since our product is one that is going to be based around personalization and the ability for the fans of this Minor League Baseball Team to put any type of number, saying or name on their T-shirt, we have decided that our product will be most successful at a price of $10. The first week that the Hudson Valley Renegades are in season, we have chosen to allow the fans to receive a free t-shirt upon purchasing a ticket. We will give away these shirts to spark interest in our product and to increase attendance to the games. As more people come to the Renegades’ games, more money will be spent on merchandize and food.

Upon receiving a t-shirt, fans will be allowed to choose any personalization that they desire. The prices that we have chosen for this addition to the t-shirts are going to be one dollar for each letter of your personalization and $2.50 per number that the fan will want. The personalization options are endless and are going to be whatever the fan wants, which will increase the intriguing aspect of our product. We hope that are prices are going to be reasonable enough for the Hudson Valley Renegade fans to enjoy our service.

## Pricing Strategy

 Ink’d Inc. prides itself on total originality at an affordable price for all fans of the Hudson Valley Renegades. In similar markets regarding sports apparel, our pricing strategy is better than other competitors. Dick’s Sporting Goods, a sporting goods and retail chain, is located within the Poughkeepsie Galleria, which is merely 15 minutes from Dutchess Stadium. While this store does not offer any Hudson Valley Renegades apparel, our product competes with them because they offer a wide selection of clothing regarding other sports teams, including major league baseball. However, the prices of the shirts that Dick’s offers is higher than that of our product: for a major league baseball T-shirt with a player’s name and number on the back, Dick’s charges $28 (Dick’s Sporting Goods). Additionally, the store does not offer any personalization, so that option is not even available to customers. Our product is very affordable. The T-shirt with a simple Renegades logo that we will offer costs merely $10 to purchase at Dutchess Stadium. To personalize these shirts, our company is charging $1.50 per letter for the name, and $2.50 per number. There is an average of seven letters, give or take, within a last name, and if a fan were to get two numbers, the price of personalization equals $14. Total, this price equals$24, which comes in about four dollars less than large-chain sporting stores. If fans already own a Hudson Valley Renegades T-shirt or other clothing item of the Renegades, they also have the opportunity to personalize those items at the same price—$1.50 per letter and $2.50 per number.

 Another competitor of our product is Custom Ink, which is an online retail order company that allows customers to design and order custom apparel. If fans were to attempt to create there own Renegades shirt with a logo on the front and their name and number on the back, the total price still comes in above our company’s product at $26 for an individual shirt, which does not include shipping or taxes (Custom Ink). Because our product enables fans to purchase and customize apparel within Dutchess Stadium, customers are able to receive their product in-house, which can be received within two to fifteen minutes, depending on the wait. Because both of these competitors that fall within the same market do not offer prices as appealing as our company does, our product proves to be more effective and reasonable.

## Projected Sales

Our idea of shirt customization will bring in an estimated $477,525 of revenue for the first year. As mentioned before, the total cost of the first year will be $131,552, which means the implementation of customized shirts is a low-risk proposition. Assuming that attendance for 2014 remains at 4,300 fans per game, the Renegades will sell 163,400 tickets in the 38 home game season. Approximately one-third of these tickets will be season tickets, which diminishes the actual number of different bodies that enter Dutchess Stadium. Taking into account season ticket holders and repeat customers makes our first year market size 100,000 people.

The first week of the season is when we will give away the stock t-shirts for free. If the Renegades sell out for the first four games of the season, 18,000 people will show up. Just to be on the safe side, we will have purchased 20,000 shirts of varying sizes. We predict that 30 percent of those who attend the first four games will take advantage of our special offer. This means that 5,400 people will customize their shirts. Because the average last name is seven letters, and people are expected to buy 1.5 numbers per jersey on average, the average customer’s shirt will cost $14.25. Letters will be sold for $1.50 each and numbers for $2.50 each, a considerable markup of what it costs the Renegades to purchase them in bulk.

While the first week will cost $80,502 for all the materials and labor, we will see $55,575 in sales. Then, we will charge $10 for the shirts and keep the customization prices the same. After the first week, approximately 87,000 new people will enter the stadium. At this point, only 1,231 shirts must be customized to break even for the entire season. As long as 1.4% of the fans who show up to the games after the first week buy shirts, the Renegades will break even on all costs concerning this product. Assuming that only 20% of the fans will customize a shirt after the first week, the profit of the first year will be $345,973. The Renegades will make a profit of $20.25 on each shirt after the bulk materials are bought, which is incredible considering that each shirt will only cost about $4 to make, depending on the cost of the shirt itself.

The second year will likely see higher attendance due to the fun atmosphere that the shirts will bring about. Using an estimate of 4,400 fans per game, the market size figures to be 103,000 people for the year. Because fans will wear their shirts around, we expect a slight increase in sales for the 2015 season. We will not raise the price of shirts because we may lose customers. Using the same equations as before, we predict to pull in $549,505 in revenue. The Renegades will have to order a new batch of shirts, and depending on how many extras they have from 2014 will affect this number. All assumptions made have been conservative and realistic.

The third year’s attendance may indeed reach 4,500 per game. After all, increasing attendance is the reason why Ink’d, inc. was called upon. We suspect that 23% of the market size—which is now 106,000—will buy a shirt. With this assumption, the year’s revenue will be about $597,310. After three seasons, Ink’d inc. will have brought about $1,323,338.40 in total profit to the Renegades. We may ask a 30% cut which leaves the Renegades a $926,336.88 profit.

This estimate in sales over the next three years assumes that the Renegades do not change anything to the customization. We do suggest that they change options available to fans to retain as much of the market size as possible. This may include offering different logos of teams who play the Renegades that night and other pictures and designs. If the Renegades change the offerings, the market share may increase steadily.

## Pro Forma Statement

Table 4.1

Pro forma statement

|  |  |  |  |
| --- | --- | --- | --- |
| **Revenue Projections** | **2014 Season** | **2015 Season** | **2016 Season** |
| Market size (units) | 100,000 | 103,000 | 106,000 |
| Market share | 21.149% | 22.000% | 23.000% |
| Sales forecast | 21,149 | 22,660 | 24,380 |
| Average price | $22.42 | $24.25 | $24.50 |
| Projected revenue | $477,525.00 | $549,505.00 | $597,310.00 |
| **Cost Projections** | **2014 Season** | **2015 Season** | **2016 Season** |
| Printing Machines | $3,000.00 | $0.00 | $0.00 |
| Workers’ Salaries | $2,052.00 | $2,052.00 | $2,052.00 |
| T-Shirts | $110,000.00 | $67,980.00 | $73,140.00 |
| Letters | $4,200.00 | $3,172.40 | $3,413.20 |
| Numbers | $11,250.00 | $8,497.50 | $9,142.50 |
| Projected costs | $131,552.00 | $81,701.90 | $87,747.70 |
| Immediate profit | $345,973.00 | $467,803.10 | $509,562.30 |
| **Profit after cut** | **$242,181.10** | **$327,462.17** | **$356,693.61** |

**Total Renegades profit after 3 years: $926,336.88**

## Future for the Product

 This product should be a continued source of revenue for the Renegades, as well as an attraction for fans. After the product is introduced to the fans, other fans will be drawn in to partake in the experience. This fits in so well with the Renegades philosophy of “be your own fan” that it could actually be a cornerstone of being a Renegades fan. Every fan comes to the game for different reasons, but the experience still revolves around the Renegades. Personalized apparel elicits a sense of camaraderie and community amongst Renegades supporters by allowing them to represent the Renegades, while adding their own personal touch. This product has the potential to strengthen merchandise sales by adding to the fan experience, without the fans feeling like their being exploited for more money. This opens up a huge opportunity to encourage all the fans who come to games to wear their Renegades gear. This would not only get fans to come to the games more often, but also get them to get more merchandise. The potential for this product is huge, and the risk involved is minimal. Besides the costs of the machines, the lettering and overhead is extremely inexpensive, and the product is almost pure profit. That, in combination with the potential for increased merchandise and ticket sales, as well as the continuity of the product with the fan experience, makes this product's potential sky high. In the future, different ways of personalization can be used to keep the product fresh and new. For example, the team could offer special logos or designs for attending specific games or events at the stadium, so the fans could commemorate those events. This would cost no extra money, because the machines to do the personalization would already be purchased. Really, any sort of logo or design can be put on the apparel, without spending much money. For years to come, people can identify themselves as Renegades fans through their personalized apparel.

# Conclusion

 As with anything in business, success is measured by money. Our pitch is highly lucrative because of the incredible markup we are able to put on the shirts. Once the sales reaches the break-even point, every shirt sold represents $20.25 in profit, compared to the $4 it took to make it. The customization goes hand in hand with the Renegades’ “Be Your Own Fan” campaign and is accessible to anyone who walks into Dutchess Stadium. The market size is very large—over 100,000 people per year—and our product aims at attracting a little over 20% of the market, a reasonable estimate. Ink’d Inc. is proud to say that the next three seasons for the Hudson Valley Renegades will see increased attendance, profits, and fun.

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Note:

I assume you updated and corrected all the comments from previous parts 1 – 4. I mainly looked at the overall layout of the paper to be sure all the pertinent formatting components were in place. Keep in mind the length of some of the paragraphs – a few were quite long. Each paragraph should embody one general theme. There were just a few areas that I found some dangling and awkward phrasing but generally your group crafted a nice paper.

Grades:

Final Paper 96

Final Presentation 98