

APEC 3551

Concept Design and Value-Added Entrepreneurship

Final Feasibility Portfolio

## Crater's Custom Baits



*Baits Created by an Angler, For all Anglers*

*Crater's Custom Baits, is an online bait manufacturer that sells personalized fishing lures*

Alec Olson

## **Executive Summary**

### **Concept Description**

Crater's Custom Baits is an online bait manufacturer that sells personalized fishing lures. We give the option for anglers to create their own customized fishing lures through our website. All you have to do is answer a few simple questions, and based on your preferences we recommend certain variations of fishing lures to fit the way you fish. With Crater's Custom Baits, there is no more buying generic lures that all look and act the same, instead buy a lure that is handcrafted to your exact specifications.

### **Opportunity**

Crater's Custom Baits offers a new way to purchase your fishing lures through a few simple questions to personalize a fishing lure just for you. There are hundreds of different lure manufacturers around the world, but we differ by prioritizing our customers and creating baits specific to their wants and needs. In the U.S. fishing industry today there are an estimated 50.1 million anglers, and 77% of those anglers prefer to use some type of artificial lure. Given the large market size of this industry, we believe we can break into this market and capture the anglers that are looking for something more rather than the average joes fishing lure.

### **Innovative Solution**

Nowadays you have the option to personalize anything you want, whether it's a new car or a pair of shoes. People have the option to make their products their own, exactly how they want them. So why not give consumers a personalized option in the fishing lure industry? We weren't able to come up with an answer to that, so we decided to do something about it. With Crater's Custom Baits, you now have the option to help design your own fishing lure. We created a platform where customers can fill out a quick survey, and based on their responses we then recommend a personalized fishing lure to the customer's specifications.

Once the customer is on our website, they have the option to personalize their fishing lure. They would then answer questions similar to, "What fish would you like to catch?", "Where will you be fishing?", "What is the watercolor?", or "What level of fishermen would you classify yourself as?". Then based on the responses to these questions, we generate lures that would work best for that person specifically. Each fishing lure manufacturer creates one style of plastic bait and expects it to fit the needs of every customer. Here at Crater's Custom Baits, we know that every angler is different, so that is why we want our customers to have a say in how they want their fishing lures made.

### **Value Proposition**

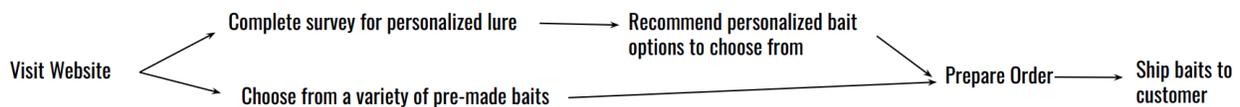
Crater's Custom Baits differentiates itself from competitors because of the personalization options our customers get, which you won't find anywhere else in the industry. Customers in the fishing lure industry currently purchase plastic baits from a variety of different bait manufacturers like Strike King, Zoom Baits, and Yamamoto Baits. With these companies, customers will select from a variety of different color options when picking out their fishing lure, but they get no say in anything else. With Crater's Custom Baits, customers will be drawn to the fact that they get the option to help create their ideal bait. Our personalized baits are suited to be fit for novice to advanced anglers, and everything in between. This is because we create the bait for a specific angler, and not one bait to fit all anglers. Our packs of soft plastic worms come in packs of 8 worms and will be

\$12.99 per pack. They will be sold through Crater’s Custom Baits website, or in-store through other bait retailers.

### Competitive Advantage

The largest competitor that we have in the fishing lure industry is the Yamamoto Senko. The Senko’s popularity comes from its very natural fall rate, along with the saltiness and softness of the bait. The price range for a pack of senkos is around \$7 to \$9, for 5 worms. The opportunity we have in the lure market comes from the fact that with the Yamamoto Senko, you have no customizability for the attributes of the worm. Fishing techniques are always expanding and changing, and there are hundreds of different ways to fish a plastic worm. Yamamoto Baits creates one style of worm that is expected to be used in every different fishing technique. With Crater’s Custom Baits, we create the worm for the technique and for the specific angler. One of the most popular ways to fish a plastic worm is “Texas-Rigged”, where there would be a weight in the front that brings the bait to the bottom of the lake. This specific technique, anglers look for worms that are durable and don’t care about the fall rate of the worm because the weight makes the worm fall regardless. If an angler wanted to fish a worm “Texas Rigged”, we would create a worm that would specifically excel in that technique. Unlike all the other bait makers in that market that would make a worm, and expect anglers to use it in situations where it doesn't excel in.

The business model for Crater’s Custom Baits would look like this.



### Entrepreneurial Team

Crater’s Custom Baits will start out as a smaller team of six people until future growth requires additional staffing. The team will consist of the company founder and research and developer, Alec Olson, who would work on creating and developing new bait ideas, growth strategies, and acts as a salesman to develop future partners with bait retailers. Then a website development specialist to keep the website running in working order and troubleshoot any technological issues, and keeps track of records and inventory. Next would be a manager who would be responsible for processing payments and completing billings and payroll, along with helping market our company and spreading the word about our business. We would then have two bait manufacturers who would be in charge of creating the baits when orders are put in. Then lastly we would have a warehouse manager who would be in charge of packaging the orders and getting them ready for shipment.

### Financial Highlights

Crater’s Custom Baits is currently in the middle of the road when it comes to the stage we are in. At this time, we are still working on finishing our website and creating a system within our website to take the survey results and develop bait recommendations for that. Along with finalizing branding on our packaging, and perfecting our recipes for our baits. We expect to launch Crater’s Custom Baits in roughly 6 months, and expected to start making a profit after around two years. The estimated number of packs we need to sell each quarter to break even is 4,619. We estimate that the total direct costs per pack will be \$6.82, giving us a 47.5% profit margin. Then lastly we project our monthly burn rate to be \$9,500, which would include rent, branding, website, payroll, and materials. Given these estimates, we believe that Crater’s Custom Baits will be a viable business going forward.

## Consumer Problem

### Crater's Custom Baits

#### ***Baits created by an angler, for the angler.***

One size fits all. This describes a product that is created to work in any situation presented. It's not customized to fit the consumer, but instead a product that'll hopefully fit ok for most people. Just like the fishing industry today, companies make baits to be "one size fits all". They create one style of bait and expect it to work for any scenario. As a fisherman, we are always trying to get one step ahead of the fish and give ourselves any sort of advantage to catch more fish. So why are we settling for a "one size fits all" bait?

With Crater's Custom Baits, our plastic baits are personalized to fit the angler. We give the angler customization options to create a bait exactly how they want, so no more "one size fits all". At Crater's Custom Baits, you will never be stuck using a "one size fits all" bait again, because we design the bait specifically to best suit the angler and the way they want to fish it. By using our custom baits, you will give yourself the opportunity to catch more fish!

At Crater's Custom Baits, we offer the largest variety of customization options, to find the worm that fits you best! We are the first company to personalize the bait to the angler. Our website lets anglers fill out a few short questions regarding the preferences of their bait, and we will create a bait specifically to your specifications. No matter what, we have the worm for you!

Head over to your local bait and tackle store, or find Crater's Custom Baits online on Amazon. Stop wasting your money on generic baits, and pick up our custom-made baits that will help you become a better fisherman today!

Catch bigger fish with Crater's Custom Baits

\$12.99 per pack (8 worms)

# CRATER'S CUSTOM BAITS

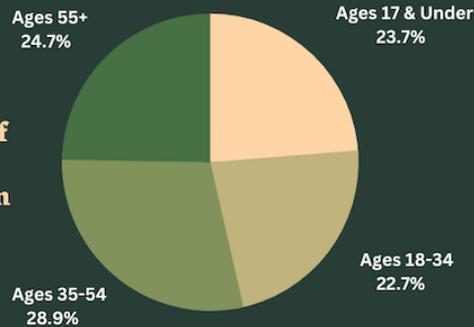
## CONSUMER DATA

77%

Of all anglers use some type of artificial bait or lure when they are fishing.



Age distribution of U.S fishing participants in 2021



Of the revenue generated by the fishing lure industry comes from people who describe themselves as "average anglers".



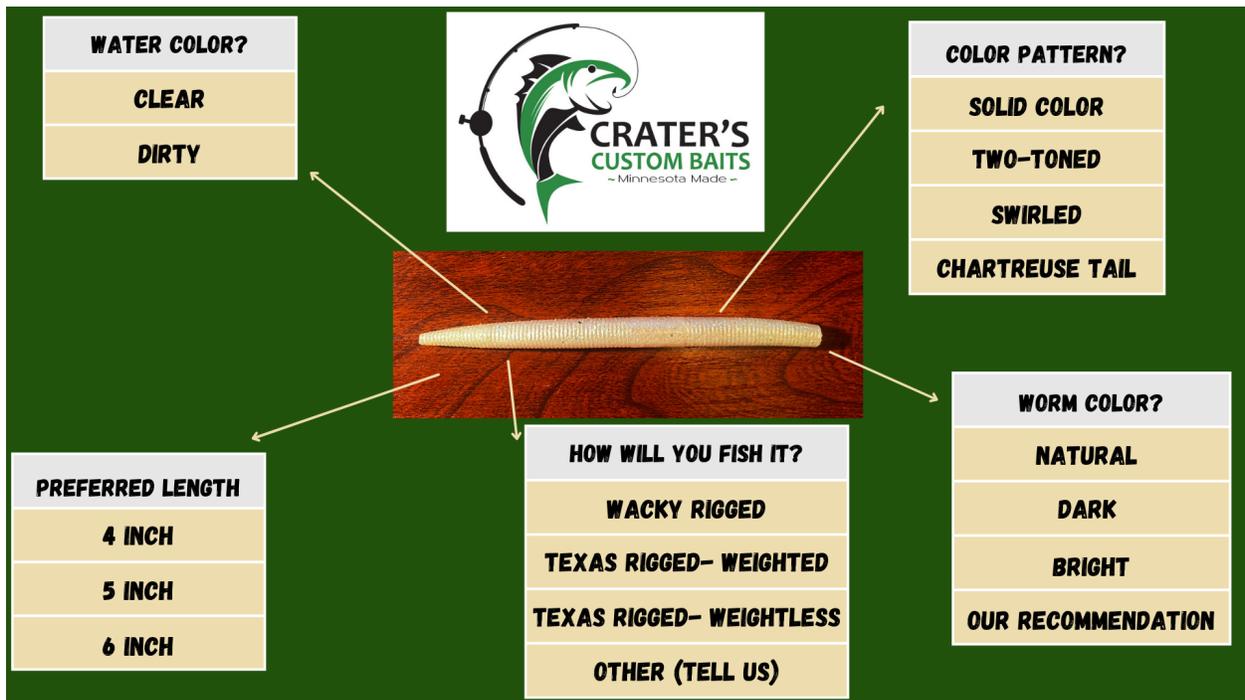
But "avid anglers" spend 2.5x more on the tackle they require

The fishing equipment market size is expected to grow by USD 5.05 billion from 2021 to 2026



## **Product Problem Proof**

Crater's Custom Baits is an online bait manufacturer that sells personalized fishing lures. We give the option for anglers to create their own customized fishing lures through our website. Once the customer is on our website, they have the option to personalize their fishing lure. They would then answer questions similar to, "How will you fish this lure?", "What color of worm do you want?", "What is the watercolor?", or "Preferred length of worm?". Then based on the responses to these questions, we generate lures that would work best for that person specifically. Figure 1 below shows the predicted outline of how customers will go about customizing their lures, and the questions they answer through our website. Figure 2 shows some finished customized worms that customers can create. Each fishing lure manufacturer creates one style of plastic bait and expects it to fit the needs of every customer. We are differentiating from other manufacturers by allowing the consumer to create their own lure through the platform on our website.



**Figure 1:** Outline of the customization process for anglers through our website



**Figure 2:** Example of personalized worms anglers can make, called stick baits

Crater's Custom Baits is currently in the middle of the road when it comes to the stage we are in. At this time, we are still working on finishing our website and creating a system within our website to take the question results and develop bait recommendations off that. Along with finalizing branding on our packaging, and perfecting our recipes for our baits. We expect to launch Crater's Custom Baits in roughly 6-8 months, and expected to start making a profit after around 1.5 to 2 years.

We developed Crater's Custom Baits to fill that void in the fishing industry of a personalized product. Initially, we came up with this idea based on our own personal experiences with fishing lures. Our team has had many examples while out fishing where we feel like we are just using the wrong bait for how we want to fish. Like us and many other anglers, we want nothing shy of the best when it comes to fishing lures. Something that is created and has the specifications that the anglers want, not what the bait manufacturers think is the best. Today, just about everything can be precisely customized to your specifications. Yet nobody has implemented this option for fishermen and women, so we created Crater's Custom Baits to fix that. Figure 2 above shows a fishing worm used to catch bass called a stick bait. With stick bait, there are many different ways to fish this lure. Reference Figure 3 below that shows five different techniques to fish this bait. When fishing a stick bait Wacky-Rig style, this technique is weightless so the only thing causing this worm to fall to the bottom of the lake is the weight of the worm alone. When an angler uses a Wacky-Rig, they prefer a worm that has more weight to it which causes it to fall to the bottom of the lake. If you have a worm that is too light, then it

takes forever to sink and if there is any wind or current then it's nearly impossible to fish at all. With our platform, a customer could tell us that they will be using this lure to fish Wacky-Rigged style, and then we will create the lure with enough weight to allow it to sink to the bottom. This allows anglers to more effectively fish this technique without having to gamble and buy a different name brand that may be way too light to fish Wacky-Rigged. Another example of this is if you reference Figure 3 below, you see a technique called Weighted Texas-Rigged. This technique also uses a stick bait but has a weight in front of the worm that will rapidly bring the lure to the bottom of the lake, and then someone would fish this along the bottom. Due to the weight being in the front of this technique, you no longer need to rely on the weight of the worm alone to sink the lure. So in this case, an angler on our website would select that they will fish this lure using a Weighted Texas-Rigged technique. Knowing that we would then not prioritize making the worm heavier to sink, but instead making the worm more durable so it can be used longer. The trade-off between a heavier worm and a light worm is that a heavy worm is much less durable and will rip much easier. So we would create this worm to be specifically fished with a Weighted Texas-Rig, and excel in this technique over other generic worm brands.



**Figure 3:** Different techniques used to fish a stick bait

## **Market Problem Proof**

The current market segment for the fishing lure industry is very large and is rapidly growing. The current market size for the industry is 2876.4 million dollars in 2021 and is projected to reach 4146.7 million by 2028, a CAGR of 5.3%. The fishing lure industry is always evolving and changing. This is because similar to the fishing industry, fish evolve and become pickier about what to eat and not to eat. So like the fish, we have to evolve and make modifications to our baits as the years go on to stay ahead of game. That is why we believe that the customization aspect that Crater's Custom Baits offer will revolutionize the industry and allow our baits to always stay one step ahead of the fish.

The fishing lure industry is huge, made up of hundreds of other bait manufacturers trying to differentiate themselves. The thing about the fishing industry and specifically stick baits, is that there really is no way to truly differentiate them. They all will be shaped the same, and have similar lengths. So by just looking at two different stick baits, you wouldn't be able to tell which one is which. What differentiates between each brand of stick bait is the color, scent, and weight of the worm. Our main competitor in this industry is Yamamoto Baits, as shown in Figure 4. They create a stick bait called the Senko, which retails for \$6.69 for a pack of 5 worms. This is the most widely used stick bait in the fishing industry, so much so that people nowadays refer to any brand of stick bait as a Senko because they are so used to that name. Yamamoto Baits have strong brand awareness and reputation. With their baits, there is no personalization option. When you order a pack of worms, all you choose is the color and size of the worm. One characteristic of Yamamoto Baits is that they are known to be one of the heavier baits in the industry. So as I mentioned before, these heavier baits are good to use when fishing a weightless technique because they will naturally sink quicker to the bottom of the lake which is beneficial for that technique. The drawback with their worm is that it is known to be one of the least durable worms in the industry and have received a lot of complaints from customers regarding that. So if an angler wanted to fish a technique like a Weighted Texas Rig (Reference Figure 3), Yamamoto Baits would not be their ideal choice. That is why Crater's Custom Baits can emerge into this fishing lure industry and draw anglers to our baits due to the personalization options. With Crater's Custom Baits you can buy any sort of bait for any sort of technique, so there is no need to switch brands to find a worm that fits a different technique better. Given this, we will establish strong brand loyalty to our consumers because they can come to us for all their needs.



**Figure 4:** A pack of Gary Yamamoto's Senko

Crater's Custom Baits is focused on marketing to the age range of 18-34-year-olds. This is because this age range is less likely to have developed brand loyalty to a different brand of bait, and have the income to be able to spend on fishing lures. Along with that, this age range is more likely to experiment and try new brands in order to find the best bait for them. Crater's Custom Baits is located and manufactured in Minnesota. The market size for the age group in Minnesota alone is 272,400 people. The average angler spends around \$100 per year on fishing lures. Given that estimate, the size of the financial segment of our target market is \$27.24 million. We estimate that we can reach 5% of the anglers in our target market in Minnesota. It is estimated that 5% of our target market spends \$1.36 million dollars on fishing lures per year. With our target of reaching \$1,000,000 in revenue, we need to reach 3% of our target market in Minnesota to reach our target. Below will show a product comparison of stick baits created by Crater's Custom Baits, and then the Senko created by Yamamoto Baits.

<b>CRATER'S CUSTOM BAIT</b>	<b>YAMAMOTO BAIT</b>
<b>PRICE: \$12.99 (PACK OF 8) \$1.62 PER WORM</b>	<b>PRICE: \$6.69 (PACK OF 5) \$1.34 PER WORM</b>
<b>ABLE TO PERSONALIZE YOUR WORM OR PURCHASE PRE-MADE WORMS</b>	<b>ONLY CAN PURCHASE PRE-MADE WORMS</b>
<b>CURRENTLY ONLY SOLD ONLINE, WITH HOPES OF EXPANDING TO RETAILERS</b>	<b>CAN BE PURCHASED ONLINE OR IN-STORE THROUGH RETAILERS ALL OVER THE COUNTRY</b>
<b>ESTIMATE TO SELL 14,000 PACKS OF WORMS IN YEAR 1</b>	<b>ESTIMATED THEY SHIPPED 1.2 MILLION PACKAGES OF BAIT WORLDWIDE</b>

## **Business Model Problem Proof**

Crater's Custom Baits will initially sell their lures through their website, where customers can purchase personalized baits or pre-made baits. We have plans to then introduce our baits to other retailers to further sell and promote our baits. The overt benefit that we deliver is Crater's Custom Baits is an online bait manufacturer that sells personalized fishing lures. We give the option for anglers to create their own customized fishing lures through our website. All you have to do is answer a few simple questions, and based on your preferences we recommend certain variations of fishing lures to fit the way you fish. The reason to believe this is that Crater's Custom Baits offers a new way to purchase your fishing lures through a few simple questions to personalize a fishing lure just for you. There are hundreds of different lure manufacturers around the world, but we differ by prioritizing our customers and creating baits specific to their wants and needs. In the U.S. fishing industry today there are an estimated 50.1 million anglers, and 77% of those anglers prefer to use some type of artificial lure. Given the large market size of this industry, we believe we can break into this market and capture the anglers that are looking for something more rather than the average joes fishing lure.

Our core target market currently purchases their fishing lures online or in-store through other retailers. For Crater’s Custom Baits, we plan on following a similar strategy. We will start out selling our baits through our website and then eventually move into selling them through retailers. One way we want to differentiate ourselves is to sell our personalized baits through Omnia, which is a fishing bait and tackle retailer in Minnesota. We would like to implement our customization platform to create your own baits, also into Omnia’s website. This partnership would bring more revenue to Omnia, but also bring popularity and brand awareness to Crater’s Custom Baits.

We have estimated our direct manufacturing costs, along with the cost of the materials and labor. Given these estimates, we are able to calculate the direct costs per pack and gross profit per pack of worms sold. Our predicted monthly burn rate is also factored into it to figure out the number of packs that need to be sold per year to break even and reach our target revenue goal.

<b>Materials &amp; Manufacturing Costs</b>	<b>Price</b>
Website	\$25,000
Plastisol- 450 worms per Gallon x3	\$105.00
CNC Worm Molds (4 Cavity) x4	\$411.96
Glitter/Flakes (4oz) x8	\$47.60
Lure Dye (5.5oz) x10	\$99.99
Salt additive (50lbs)	\$97.50
Heat Stabilizer (1 gallon)	\$52.00
Plastisol Injector (9.5oz) x2	\$188.00
Dual Injection System	\$167.00
Pyrex Cups (32oz) x4	\$60.00
Heat Resistant Gloves x3	\$90.00
Microwave x2	\$140.00
Laminated Worm Bags (100ct) x3	\$56.97
Branding Worm Bags	\$2,000
Drying Rack x3	\$83.04

Monthly Rent	\$5,500
Shipping Costs per Month	\$338
Monthly Electricity	\$647.61
Total Material & Mfg Cost	\$35,084.67
Total Material & Mfg Cost per pack	\$1.67

<b>Labor Costs</b>	<b>Price</b>
3 People	\$160 per person a day
\$20/hr	\$480 total per day
Work 8 hour days	\$0.69 per worm in labor costs
Rate: 700 worms per day	\$5.49 per pack in labor costs
<b>Total Cost per pack</b>	<b>\$7.16</b>

Shown above is the material and manufacturing costs per pack of 8 worms, along with the labor costs per pack. The estimated total cost per pack is \$7.16, giving us a gross profit of \$5.83 per pack. With that calculated gross profit, we have a 44.9% gross contribution margin. With these projections, Crater's Custom Baits needs to sell 171,526 packs of baits to reach our goal of \$1,000,000 in revenue. We have to sell 47,341 packs this year to break even on our investment and reach a positive cash flow.

<b><u>Overt Benefit</u></b>	Crater's Custom Baits is an online bait manufacturer that sells personalized fishing lures.
<b><u>Reason to Believe</u></b>	We give the option for anglers to create their own customized fishing lures through our website. All you have to do is answer a few simple questions, and based on your preferences we recommend certain variations of fishing lures to fit the way you fish.
<b><u>Dramatic Difference</u></b>	At Crater's Custom Baits, you will never be stuck using a "one size fits all" bait again, because we design the bait specifically to best

	suit the angler and the way they want to fish it.
<b><u>Adoption Hurdles</u></b>	Stop wasting your money on generic baits, and pick up our custom-made baits that will help you become a better fisherman today!
<b><u>Social Sufficiency</u></b>	Head over to <a href="http://Craterscustombaits.com">Craterscustombaits.com</a> to start personalizing your baits today.

**Operations/Commercialization Problem Proof**

The strategy we feel is the best to get Crater’s Custom Baits from the concept stage to the marketplace is to first just have a great product that we know fishermen will love. We are going to spend a lot of time perfecting our baits and making sure that they are the quality that will cause anglers to switch to using our baits. If we create high-quality bait, we believe that word-of-mouth advertising will help our business grow right away without having to focus on any other external marketing. Once there are good reviews of our product and people recommending our product, we will start marketing it more. We will also spend a lot of time finalizing our website and making sure it runs great without any problems. Given that the main differentiation of our baits is the personalization aspect, our website plays a big role in that since that is the platform where you customize your lures. Our baits will be designed and manufactured in-house by our employees. We have all the equipment and materials needed to start manufacturing lures. We believe that we create the highest quality baits, want to be in charge of the outcome of our lures, and dont want to rely on anybody else. We can ensure the highest quality when making our lures in-house. There may be a time where when our company grows to a certain extent that we might have to have our baits mass manufactured somewhere else, but we pride ourselves in creating our own lures for our customers. We currently do not have any outsourcing partners and feel like we dont need any at this moment either. As previously mentioned, there may be a time when we will be looking for a partner, but we don’t need one right now. One big milestone for Crater’s Custom Baits that we will be looking to achieve in the near future is a positive cash flow. We feel that if we can get to a point where we are acquiring a positive cash flow, our company has a high probability of success. Another big step for us in commercializing our products is partnering with Omnia. They are a Minnesota-based company that sells retail fishing and outdoor products. But what they do differently is they also created their company along the lines of adding personalized options for consumers to purchase baits. What they do is that they allow customers to fill out questions about what they're going to fish for, what time of year is it, or where they are going to fish, and based on the answers to these questions they recommend certain products to fit that criteria. The reason we think Crater’s Custom Baits will be a good fit for partnering with Omnia is that the baits that Omnia will suggest aren't personalized baits, just “one size fits all” lures. Our customization options fit Omnia’s business strategy and will benefit both parties. If we can

implement our customization platform into Omnia's website, then we will be able to gain recognition and popularity through the consumers that already shop at Omnia, and then Omnia will get a percentage of sales that are generated through their website at Crater's Custom Baits.

Our operations will be done in a rented-out warehouse in Waconia, MN. This warehouse will be approximately 5,000 square feet. This warehouse will be an adequate amount of space for our company to begin with. Down the road, we plan to hire 6 people in total. At the beginning of our company, we will only have 3 people on payroll that will focus on the manufacturing of the baits until we see growth in the company. In the future, our plan is to have the manufacturing of our baits will be done by our hired staff of a total of 6 people. The team will consist of the company founder and research and developer, Alec Olson, who would work on creating and developing new bait ideas, growth strategies, and acts as a salesman to develop future partners with bait retailers. Then a website development specialist to keep the website running in working order and troubleshoot any technological issues, and keeps track of records and inventory. Next would be a manager who would be responsible for processing payments and completing billings and payroll, along with helping market our company and spreading the word about our business. We would then have two bait manufacturers who would be in charge of creating the baits when orders are put in. Then lastly we would have a warehouse manager who would be in charge of packaging the orders and getting them ready for shipment. The founder of the company and manager will also be tasked with manufacturing baits in the early stages of the business if needed. Our internal development timeline is estimated to be 6-8 months. We are currently in the stages of perfecting our recipe for our baits and creating our website and the platform to customize your bait. We currently have all the materials needed to start manufacturing along with the warehouse where we will work out of. When we finalize our recipe for our baits, we will give a month or so of customer testing and reviews of our product and our customization platform. This will ensure that our baits fit the needs of anglers and will be a viable bait that anglers will want to switch to.

### **Resource Problem Proof**

Crater's Custom Baits still has a good amount of questions that need to be answered before getting our company up and running. Below are the questions regarding people, product, packaging, equipment, infrastructure, warehouse, and other questions that we still need to answer before moving forward.

#### 1. People

- a. If we start with only having 3 people on the payroll, what would be the max amount of product that 3 people can make before having to hire more people. At what point do we need to expand our staff?

- b. Do we need to hire someone that is responsible for handling legal matters? What legal matters may we run into, and is this something that we need right away in the early stages of our business?
  - c. Will we be able to hire high-quality workers right away at \$20 per hour, or do we need to raise the pay in order to do so? Will tell workers that the pay will rapidly increase with correlation to business success.
2. Product
- a. How many different types of soft plastic lures should we sell at first?
  - b. How do we go about selling pre-made baits where customers can buy lures without customizing them for a cheaper price? How much cheaper should these pre-made baits be?
  - c. Do we get custom-made lure molds, so we can have Crater's Custom Baits branded into the plastic worms? How much extra will it be to get custom-made CNC molds?
  - d. What do we do about defective products? When manufactured worms have some sort of defect and we can't use them, how much materials should we expect to lose from defects and leftover plastics that aren't used? What do we do with leftover plastic?
  - e. If we get to a point where our business becomes mainstream and popular, how do we keep up with creating customized orders when our products are made-to-order? How long would we have to tell customers that it'll take to get their baits?
3. Packaging
- a. We will have to purchase a variety of different laminated bags to fit the different sizes of worms and different types of baits we produce. The cost of having to brand different bag sizes is not estimated in the MBV, how much extra would that cost?
  - b. What other illustrations should we have on our bags? I was thinking about having different diagrams of the different ways to fish the bait that is in the bag.
  - c. If the worms are scented with some sort of fish attractant, do we create the worms with the scent infused in them, or have the scent in the bag which will cause the plastic baits to soak up the scent?
4. Equipment
- a. How long of a lifespan does our equipment have till we have to replace it? Will the molds become dull after a certain amount of baits are made, or other problems arise with our equipment after a certain period of time?
  - b. How will we know when we get to the point where we have to purchase more equipment to meet future projected demand?
  - c. Will we eventually have to start automating our manufacturing process to speed up our production? What will the process of automating look like?

5. Infrastructure
  - a. Will our customization platform be simple and easy enough to use to meet anglers' needs? The persona of fishermen usually does not fall under very tech savvy, so will that be a problem for us?
  - b. How often should we make changes and updates to our customization platform?
  - c. How will we implement a "leave a review" or rating system into our website to know firsthand if consumers like it or not?
6. Warehouse
  - a. How long will a 10,000 square feet warehouse be an adequate enough space to sustain our operations? How will we know if we need more space to operate?
  - b. Will we be able to design, manufacture, package, and ship our products all in the same warehouse?
  - c. What shipping service should we use to ship our products?
7. Other
  - a. When a consumer answers the questions to customize a lure for themselves, should we offer them multiple options that would work for them or just one best option?
  - b. If the consumer wants to make changes to their customized product, how will we implement modifications on our website that they can make to their bait before they order it?
  - c. I didn't account for the cost of using credit card transactions through our website, or what company we would have to go through for that. How much would that end up costing our company?
  - d. With the current price of \$12.99 per pack of worms, that is considered on the more expensive side in the bait industry. Will consumers be willing to pay that extra amount for a personalized lure?

## **Recommendation**

Following this analysis of the concept of Crater's Custom Baits, we think that this business plan deserves to be a GO. This is because we feel like there is a gap in the fishing industry that current bait manufacturers are not filling. With Crater's Custom Baits, we are implementing a new business model into the fishing lure industry by allowing anglers to personalize their own bait for themselves. Given this opportunity, we have to break into the fishing lure industry, and we believe that we will be able to have success going forward. To move forward and implement our business plan, we will need additional resources to help us with it. An investment of \$250,000 will be needed to sustain our business until we get to a point of generating profit for our business. This money will go towards the purchase of our materials, along with all the other direct costs, and labor costs associated with Crater's Custom Baits. We forecast that this initial investment to get our business started will be needed to move forward. The first step for us is marketing our product and gaining a good reputation through customers

that will continually spread till we develop a good customer base. The main risk that our business is facing, is the lack of demand/need for a personalized fishing lure. Given the hundreds of different brands out there, there is a possibility that anglers have found bait to fit their needs at a cheaper price and don't feel the need to switch. Many people may look at our baits and another company's bait, and feel like there isn't much differentiating them, so why would Crater's Custom Baits be worth the extra money?

## **Concept Portfolio**

*Consumer Concept*

### **Crater's Custom Baits**

***Baits created by an angler, for every angler.***

When people go out fishing, obviously their goal is to catch as many fish as possible. Use whatever bait that'll work best to give yourself the best chance to fish. There is live bait, but that gets stinky and slimy and will die on you before you've even used them all. Then there are generic plastic worms, which look nothing like real worms and don't trick fish at all into eating them. So Crater's Custom Baits created a do-it-all bait, that looks and acts just like a real worm, without having to deal with the mess of using live bait.

With Crater's Custom Baits, our plastic artificial worms are the closest things to mimicking a real worm in the market. Crater's Custom Baits designed this worm to be used by all fishermen and women who want to catch more fish. We use a patented life-like worm scent called Worm Juice, which has fish drooling over our worm as soon as it hits the water. Stop settling for live bait, and your average joe's plastic worm and try out Crater's Custom Baits.

At Crater's Custom Baits, we offer a large variety of different worms, so you can find the one that fits you best. Don't settle for bland and dull colors that other companies offer, instead try out our life-like colors that fool even the smartest fish. So next time you head out fishing with your friends, outfish them with Crater's Custom Baits!

Head over to [Craterscustombaits.com](http://Craterscustombaits.com) and check out our wide variety of baits. Stop wasting your money on baits that don't catch fish, and pick up our life-like plastic worms today!

Catch more fish with Crater's Custom Baits

\$12.99 per pack (8 worms)

*Customer Persona*

Sam	Works full-time and is an avid fisherman
Background	<ul style="list-style-type: none"><li>● He is 26 years old, has his own house and a job</li><li>● Grew up fishing his whole life</li><li>● Worked as a salesman out of college</li><li>● Is looking to get into fishing tournaments on the weekend</li></ul>
Lifestyle	<ul style="list-style-type: none"><li>● Sam works a 9-5 job Monday - Friday</li><li>● He usually always gets out fishing during the weekends and tries to find time to fish after work during the week.</li><li>● He spends a lot of time and money fishing and views it as more than just a hobby.</li><li>● He is going to sign up for this first tournament in a few weeks and will spend a lot of time practicing and preparing</li></ul>
Challenges	<ul style="list-style-type: none"><li>● With his busy work week, sometimes he is unable to fish during the week.</li><li>● He feels like he might be under-prepared for his upcoming because he doesn't have as much time to practice as other anglers.</li><li>● Willing to spend a good amount of money on fishing, and sometimes finds himself spending too much.</li></ul>
Value	<ul style="list-style-type: none"><li>● He values competing and being successful.</li><li>● Trying to find a competitive advantage any way he can to win tournaments</li></ul>

### *Consumer Research Data*

- The global Fishing Lures market size is estimated to be worth USD 2876.4 million in 2021
- The most popular fish species among the 29.5 million anglers who fished freshwater, other than the Great Lakes, was black bass
- Nearly 9.6 million anglers spent 117 million days fishing for black bass in 2016
- 56% of regular anglers in the U.S. have an annual household income of \$50,000 or more. 16% of anglers have an HHI of \$100,000 or more.
- 77% of anglers use some type of artificial bait or lure when they are fishing.
- Annual fishing expenditures in the United States total \$45 billion. More than \$16 billion of that is dedicated solely to bass fishing equipment and accessories. In total, anglers in the U.S. create an economic impact of more than \$115 billion annually.
- Out of the \$45 billion generated by the U.S. fishing industry, about 15% of the revenues come from tackle expenditures. In total, tackle brings in about \$6 billion in retail sales each year.
- The most common time fishermen describe themselves as an “avid angler” is between the ages of 35-44, which is also when they have the most discretionary income to spend on this activity.
- 76% of the revenues which are generated by the fishing lure industry come from people who describe themselves as “average anglers.” Avid anglers, however, spend 2.5 times more on the tackle they require.
- 1 in 5 Americans purchased a fishing license within the past year. The average household which purchases a fishing license will spend about \$52 on the tackle they need for a positive experience.
- 45% of women say that the least appealing part about fishing is the times when no fish are caught.
- In 2022, there were 4.7 Million first-time fishing participants, and 43% were Women.

## Presentation Slides

### Crater's Custom Baits

*Baits created by an angler, for all anglers*



By: Alec Olson  
APEC 3551

### The Problem

- Today's fishing lure industry sells "one size fits all" baits
- Anglers get no say in how they want their baits
- Fishermen get stuck using the wrong baits for certain situations



### The Solution

- Personalized fishing lures
- Baits created for the ways anglers want to use them
- Use the right bait for the right situation



## How it Works

- Customization platform
- Customers answer simple fishing relate questions and based on those answers we recommend a specific bait

<b>WATER COLOR?</b>	<b>CRATER'S CUSTOM BAITS</b>	<b>COLOR PATTERN?</b>
CLEAR		SOLID COLOR
DIRTY		TWO-TONED
		SWIRLED
		CHARTREUSE TAIL
<b>PREFERRED LENGTH</b>	<b>HOW WILL YOU FISH IT?</b>	<b>WORM COLOR?</b>
4 INCH	WACKY RIGGED	NATURAL
5 INCH	TEXAS RIGGED- WEIGHTED	DARK
6 INCH	TEXAS RIGGED- WEIGHTLESS	BRIGHT
	OTHER (TELL US)	OUR RECOMMENDATION

## Making it Happen

- Perfecting our recipes for the different style of baits we create
- Receive testimonials and feedback of the quality of our bait and the functionality of our customization feature on our website
- Market size for our target consumer in Minnesota is 272,400
- Start with word of mouth and social media advertising to grow recognition



## Next Steps

- Crater's Custom Baits is a GO
- We need \$250,000 to move forward
  - Initial materials and equipment needed is already paid for
  - Creation of the Website: \$25,000
  - Monthly rent, electricity, labor, shipping costs total: \$20,885
- Reaching a positive cash flow
  - Crater's Custom Baits: \$12.99
  - \$7.16 in labor and materials/manufacturing costs
  - Profit of \$5.83 per pack
  - Need to sell 47,341 packs to hit our goal
    - 3,945 packs per month



# Thank You!

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## Questions?

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### **Question 1**

- Your customization approach is an online questionnaire, is your final lure suggestions going to have multiple options to choose from, or one recommended option?
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## Question 2

- Have you considered a customization widget in your app that is like design your own worm like how they do for t-shirts (see [cafepress.com](http://cafepress.com)) i.e. pick attributes and the widget renders an image of your worm?
- 

## Question 3

- Even though these are serious fishing worms... is there any value in producing “vanity worms” that someone creates to gift to someone else i.e. they may look ridiculous from a technical standpoint, but really fun to give to someone else?
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