**2013**

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11/10/2013

Cabela’s



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**Cabela’s Operations**

**Company History**

In 1961, Dick Cabela came up with a plan to sell fishing flies he had purchased while attending a furniture show in Chicago, IL. Following his return home to Chappell, Nebraska, he placed an ad with the Casper, Wyoming newspaper that read, “12 hand-tied flies for $1.” Only one person responded. Refusing to give up, he rewrote the ad to read “FREE Introductory offer! 5 hand tied flies … 25¢ Postage … Handling,” and placed it in national outdoor magazines. Before long, the orders started coming in.

Dick and his wife, Mary, started the typical direct mail order business from their kitchen table, but as they added to their product line, their business continued to grow. By the fall of 1962, Dick and Mary realized that they needed full-time help, so Dick’s younger brother, Jim, came on board in 1963. In 1969, Cabela’s was operating from a vacant 50,000 square foot John Deere building in Sidney, Nebraska. Since its meager beginnings, Cabela’s has become recognized as the World’s Foremost Outfitter®. In 2001, Cabela’s chartered the World’s Foremost Bank N.A. to support the co-branded credit card, which was started in 1995. In 1998, Cabela’s continuously updated e-commerce website went live at www.cabelas.com. On June 25, 2004, Cabela’s (CAB) went public with its debut with the New York Stock Exchange.

Today, Cabela’s headquarters are housed in a more than 250,000 square foot building located along Interstate 80 in Sidney, Nebraska. The company produces and mails nearly 100 different catalogs each year to all 50 states and 125 countries worldwide. Currently, there are 46 locations across the United States and 3 in Canada with 14 additional North American sites planned to open in 2014. Many of these locations are set up as wildlife museums and educational centers featuring mountain landscapes, running streams and waterfalls, aquariums, indoor archery and firearms training centers, and live bait shops, all of which offer a unique shopping experience for all ages.

Since its founding, Cabela’s has enjoyed being the recipient of many awards such as Company of the Year in Sporting Classics magazine’s prestigious Awards of Excellence, ShotBusiness magazine’s Retailer of the Year, Sporting Goods Business magazine Specialty Retailer of the Year, and BizRate.com Circle of Excellence Award. It was also listed as one of the Top 100 Companies to Work For by Fortune magazine in 2000 and its catalog was ranked as the fifth most popular catalog behind J.C. Penney and Sears in a Consumer Shopping Survey administered by Catalog Age magazine. (Cabela's)

The Company’s closest rival is that of Bass Pro Shops with 81 current locations in the United States and 2 in Canada with plans to open an additional 20 stores in the United States and 1 in Canada as per their website at www.BassPro.com. (Bass Pro Shops, Inc., 2013) Similar to that of Cabela’s, Bass Pro Shops was began through a desire to find more available tackle and fishing supplies and grew from there to a full line of hunting, fishing, camping, and outdoor gear.

Other competitors include Gander Mountain, Inc. , Orvis, Sportsman’s Guide, Sportsman’s Warehouse, Sports Authority, and Dick’s Sporting Goods. Mass merchandisers such as Walmart, Target, L.L. Bean, Lands End, and REI also pose a threat to the company’s market share. (Cabela's Incorporated, 2012)

**Product Lines**

Cabela’s offers a wide array of products for the avid hunter, fisherman, and outdoor sports fanatics as well as products for the person, auto, boat, or home and cabin. Hunting supplies range from Archery equipment to blinds, treestands, trapping supplies, and GPS equipment. Shooting supplies include firearms, handguns, shotguns, rifles, airguns, gun storage and maintenance, ammunition, and tactical gear. For the fisherman, Cabela’s offers fishing rods and reels, bait and tackle supplies, and supplies for ice fishing or just starting out as a beginner. The avid boater can find boating electronics, canoes and small boats, boat accessories, life preservers, storage canopies, and other boating accessories. Camping equipment such as tents, sleeping bags, camping furniture, cooking essentials, tools, communication electronics, and tailgating equipment is also offered. For the person, Cabela’s offers casual and hunting clothing and footwear for the family. Products for the auto or home and cabin include items from auto interior and exterior to generators, mowers, furniture, food processing, and home security equipment.

Many of the brands carried include Winchester, Smith and Wesson, Coleman, Mountain Foods, Cannon, Columbia, Stearns, North Face, Wolverine, and XCalibur. Cabela’s also carries products under their own brand name.

**Participating Markets**

The headquarters for Cabela’s is located in Sidney, Nebraska, but there are currently 46 retail locations within the United States and 3 within Canada where they are currently opened to the public. As a direct mail order company, their reach is much more far-reaching as they have customers in as many as 175 countries and territories worldwide. The majority of the advertising done is on a more local level. (Cabela's Incorporated, 2012)

**Product Line Analysis**

**Target Market**

Cabela’s target markets include avid hunters, fishermen, campers, boaters, and those who do these activities on a recreational basis as well. Also included in the target markets are survivalists, law enforcement, and military personnel. A high concentration of these individuals are located within a 120-mile radius of the locations which the stores are built. With the understanding that many of the individuals within this target market are family-oriented, the shopping experiences in the larger legacy stores are geared more toward the customers with families.

**Products in the Target Market**

Specific products within the product lines carried by Cabela’s have specific targets. The hunting equipment is targeted toward those who enjoy the sport of hunting while fishing equipment targets those who enjoy the sport of fishing. The camping gear and equipment is targeted to both markets as well as to families who enjoy recreational camping. As well, the boating equipment is also geared not only to those who enjoy fishing, but also to those who enjoy recreational boating. Some of the products such as the survivalist gear are geared to all of these targets as well as for survivalists and for all who wish to be prepared in the event of an emergency situation where food and utilities become scarce.

**Segmentation Strategy**

Cabela’s segmentation strategy includes a few different groups of individuals with similar yet separate needs. Some may be survivalists in need of quality supplies while others may be outdoor gamers in need of similar equipment and supplies. Others yet may be recreational campers who may also need the same type of supplies. Regardless of where in the world these individuals are, Cabela’s has managed to reach out to these people with the products they need at a fair price.

**Positioning Strategy**

The primary target focus of Cabela’s is on the core customers, through which the Cabela’s CLUB Visa program is the primary vehicle. By focusing on rewarding these customers with free merchandise, Signature Outdoor Adventures, CLUB Family Outdoor Days, active club accounts have grown by 8.5% in 2012. These are ways to create positive relationships with their customers. The accessibility and atmosphere of the retail stores will also bring in new customers who can then become loyal customers.

**Marketing Mix**

Like most other companies, the Marketing Mix for Cabela’s includes the four P’s: Product, Place, Promotion, and Price. Being a direct mail order company with a website and a telecommunications center, face to face contact with the customer is not necessary to be physically in the same place as the customer in order to deliver what the customer needs. During 2012, direct business accounted for approximately 35% of the total revenues. In addition, with retail centers located nearby densely populated areas that are also accessible to the outdoor sporting venues for hunting, fishing, and camping, customers are also served in a more intimate matter that also adds to the experience. Promotion of these products includes ads with nationwide magazines such as Field and Stream, Outdoor Life, and Sports Afield (Unknown) and through local advertisements and online product or keyword searches. Lastly, keeping the prices within a competitive range of its rivals while offering a greater selection and superb service is a direct advantage.

**Financial Analysis**

**Income and Balance Sheets with Key Ratios**

**Projections of Earnings**

**Outfitter Industry**

**History of the Outfitting Industry**

Hunting and fishing have been vital skills to the survival of man since the dawn of man. Weapons with which to hunt, fish, and scavenge for food have come out of the necessity of making an efficient killing as well as for man’s own defense. When the Colonists began to populate America, they not only took on the skill of using weaponry to hunt and fish for survival, but also traded their munitions for furs from the Indians and fur traders. Through the passage of time, hunting and fishing have become more of an outdoor competition sport for men and women of all economic classes rather than just for the affluent. With the progression of time, more weaponry became available through sources other than the military.

**Outfitting Industry Today**

Today, several outdoor sporting goods outfitters exist. Almost one third of the outdoor sporting goods equipment is handled through companies such as Cabela’s, Dick’s Sporting Goods, Bass Pro Shops, Sports Authority, and others. In 2011, the industry sales in the U.S. totaled over $40 million, 14% of which were through online purchases, 1.1% were through mail order purchases, and 6.7% were through pro shops purchases. (Statista)

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