

REMINGTON ARMS COMPANY, INC.

INTER-DEPARTMENTAL CORRESPONDENCE

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NEW BOLT ACTION RIFLE CONSUMER RESEARCH

Marketing feels the need to have a Model 700 replacement ready for market introduction in light of the product life cycle maturity of this model. No plans currently exist for actually replacing the Model 700, however, an alternative should be available if sales for this model soften.

During mid-February 1985, six (6) group sessions were conducted with men who have hunted within the past year with a bolt action rifle (two in Denver, Col., two in Phoenix, Ariz., and two in Houston, Tex.). The purpose of these sessions was to evaluate numerous functional and cosmetic features which have been identified as candidates for a new bolt action rifle (see the first two pages of the Appendix section for a listing of the test features).

Regardless of what features are finally selected, the new bolt action rifle will truly be a new gun from Research and Process Engineering perspectives because it will contain a flat-bottom receiver (for increased accuracy). Since this feature was considered a "must", it was not directly evaluated from a consumer viewpoint (however, there were a number of respondents in the sessions who spontaneously referred to a flat-bottom receiver in a positive manner). Furthermore, since a flat-bottom receiver can be produced by FMS equipment as easily as our current receiver, it was considered a product improvement without any additional cost.

Discussion of Findings

The findings of these group sessions (as discussed in the attached report by The Gediman Research Group, Inc.) indicate two basic points. First, the current M/700 BDL generates a high degree of consumer acceptance and; second, the bolt action center fire rifle market is highly segmented.

Strong consumer preference for the M/700 BDL stock configuration, round receiver, barrel contour, safety location and bolt handle style strongly indicates the need for a rifle of this design in our line. The findings suggest that the new bolt action rifle should utilize the current M/700 as a springboard, rather than introduce an entirely new model with dubious consumer acceptance.

As far as market segments are concerned, there are a number of feature variations with sizeable minority preferences. For example, while 35% preferred a round receiver (BDL) with integral mounts, 21% preferred a plain round receiver. Similarly, while 56% preferred a M/700 BDL barrel contour, 44% preferred the mountain rifle contour (hammer marked and plain combined).

Furthermore, one of the big surprises was the degree to which participants in these sessions preferred a box magazine (71%) over a floor plate (25%). This suggests that at least one of our offerings should contain a box magazine.

From a Marketing standpoint, addressing consumer needs with segmented products allows us to offer products which generate high perceived value on the part of the consumer (given that price increases are held at reasonable levels).

A market segmentation approach also compliments the strategic plans we have for the Ilion plant. Specifically, FMS will allow Ilion to efficiently produce guns to meet usually smaller volume segment needs.

Please read the attached report and be prepared to discuss at the Business Team Meeting on Monday, April 29th.


J. H. CHAMBERS

JHC:mf
Attach.