

DOMESTIC FIREARMS
MINUTES OF KEY ISSUES & MISSION MEETING #2
(Friday, March 18, 1983 @ 10:00 a.m. - Kingston, NY)

Present

D. M. Condon	E. J. Rossi
W. H. Forson, Jr.	C. B. Workman
H. C. Munson	W.J. Weeks
C. A. Riley, Chmn.	

Main topics of the meeting were firearms cost trends and competitive assessment. These discussions when combined with market environment data from the first meeting led to the following mission statement and key issues:

"The domestic firearms business mission is to strengthen our strong competitive position. Achieve annual retail share growth of 1% for 1984-85, and 2% for 1986-88, and pretax margin of 15% by 1988. Maximum support will be required."

Key issues for firearms are how we can achieve:

- o Profit objectives
- o Retail share objectives.

Cost Trends

Exhibits of manufacturing costs by product line were discussed. In each case, data in constant dollars over a nine-year period indicated that while material and labor have remained relatively stable (shotgun direct costs have risen somewhat more sharply from 1980), the factory level of overhead has been rising rapidly since the mid-70's. While two causes - volume decline and government mandated costs - account for some of the rise, consensus was that these costs must be subjected to additional controls.

An exhibit of unit sales price, total firearms costs, value added costs in constant dollars and price/cost indices produced the following conclusions:

- o Remington price index and cost of sales index have risen in parallel. Implications were that industry selling price index has risen slower than COS index.
- o Total COS has risen in parallel with value added cost (value added is manufacturing cost less material cost).

Issues drawn from cost analysis were:

- o More emphasis to reduce overhead cost.
- o In the future, we are less likely to raise selling prices to cover cost increases.

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Competitive Assessment

Team proceeded to rank each competitor by product line with respect to the following:

- o Critical success factors
- o Strength and weaknesses
- o Perceived missions and thrusts
- o Competitive position

The results are shown in the attachments and competitive position is summarized below:

<u>Competitor</u>	<u>Competitive Position</u>	<u>Mission</u>
Ruger	Very Strong	Strengthen
Remington	Strong	Sustain
Browning	Strong/Average	Strengthen
Smith & Wesson	Average	Strengthen
Marlin	Average	Sustain
Mossberg	Weak	Sustain
U.S. Repeating Arms	Weak	Redirect


E. J. Rossi

EJR:mu
3/21/83
Att.

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ANALYSIS OF CRITICAL SUCCESS FACTORSSHOTGUNS - 1983

<u>Weight</u>	<u>Success Factor</u>	<u>Importance</u>	<u>Competitor Ranking</u>
5	Line Breadth	MI	1-B: 2-Re: 3-S&W: 4-U: 5-M
8	Distribution (Retail)	I	1-Re: 3-U: 4-Mo 2-B: 5-S&W
10	Product Price/ Value Relationship	VI	2-B: 1-S&W: 3-Re: 5-U: 4-Mo
10	Product Quality/Perceive Consumer Franchise	VI	1-B: 2-Re: 3-S&W: 5-U: 5Mo
8	Service (response)	I	1-Re: 2-B: 3-S&W: 4-U: 5-Mo
9	Communications	I	1-Re: 2-B: 3-S&W: 4-Mo: 5-U

Key:

Re: Remington
R: Ruger
B: Browning
M: Marlin
Mo: Mossberg
U: U.S. Repeating Arms

VI: Very Important
I: Important
MI: Moderately Important

ANALYSIS OF CRITICAL SUCCESS FACTORSRIM FIRE RIFLES-1983

<u>Weight</u>	<u>Success Factor</u>	<u>Importance</u>	<u>Competitor Ranking</u>
8	Distribution	I	1-M: 1-R: 3-Re: 4-B: 5-U
10	Product Price/ Value Relationship	VI	1-R: 2-M: 4-Re: 4-B: 4-U
5	Product Quality	I	1-R: 2-B: 3-U: 4-M: 5-Re
6	Service	I	1-Re: 1-R: 3-B: 4-M: 5-U
9	Communications	I	1-M: 3-Re: 4-B: 2-R: 5-U

"Key same as page 1"

ANALYSIS OF CRITICAL SUCCESS FACTORSCENTER FIRE RIFLES-1983

<u>Weight</u>	<u>Success Factor</u>	<u>Importance</u>	<u>Competitor Ranking</u>
7	Line Breadth* (product offerings/ end-use)	I	1-R: 2-B: 3-Re: 4-U: 5-M
8	Distribution	I	3-Re: 1-R: 2-B: 4-M: 5-U
10	Product Price/ Value Relationship	VI	1-R: 3-Re: 2-M: 4-B: 5-U
10	Product Quality	VI	1-Re: 2-R: 3-B: 4-M: 5-U
8	Service	I	1-Re: 1-R: 3-B: 4-M: 5-U
0	Communications	I	1-R: 2-Re: 3-U: 4-B: 5-M

* For center fire rifles, definition of line breadth is broadened to include end-use of product; i.e., hunting vs. para-military since consumers are differentiated.

"Key same as page 1"

COMPETITOR STRENGTHS & WEAKNESSESTOTAL FIREARMS--1983

<u>Major Competitor</u>	<u>Mkt. Share</u>		<u>Major Strengths</u>	<u>Major Weaknesses</u>
	<u>1982</u>	<u>1987</u>		
Remington	23	34	<ul style="list-style-type: none"> o Distribution o Communications o Service 	
Browning	9	12	<ul style="list-style-type: none"> o Line breadth o Quality 	
Marlin	8	10		
Ruger	15	17		
USRAC	15	13		
Mossberg				Breadth-Price-Product Quality-Service
S&W			o Price/value	Distribution

COMPETITOR STRENGTHS & WEAKNESSESSHOTGUNS--1983

<u>Major Competitor</u>	<u>Mkt. Share</u> <u>1982E 1987</u>	<u>Major Strengths</u>	<u>Major Weaknesses</u>
Remington	21	<ul style="list-style-type: none"> o Distribution o Service o Communications 	Price/value
Browning	5	<ul style="list-style-type: none"> o Line breadth o Quality 	
Marlin	-		
Ruger	-		
USRAC	14		<ul style="list-style-type: none"> o Product quality o Communications
Mossberg	7		Breadth-Price-Quality Service
S&W	5	Price/value	Distribution

COMPETITOR STRENGTHS & WEAKNESSESRIM FIRE RIFLES--1983

<u>Major Competitor</u>	<u>Mkt. Share</u> <u>1982E 1987</u>	<u>Major Strengths</u>	<u>Major Weaknesses</u>
Remington	10	Service	
Browning	4		Price/value
Marlin	38	Price/value Distribution Communications	
Ruger	24	Price/value Quality Service Distribution	
USRAC	6		Distribution Service Communications Price/value

COMPETITOR STRENGTHS & WEAKNESSES

CENTER FIRE RIFLES--1983

<u>Major Competitor</u>	<u>Mkt. Share 1982E 1987</u>	<u>Major Strengths</u>	<u>Major Weaknesses</u>
Remington	20	Quality Service	Line breadth
Browning	5	Breadth	Price/value
Marlin	16	Price/value	o Line breadth o Communication
Ruger	28	Breadth Price/value Communications Distribution	
USRAC	14		Distribution Price/value Quality Service

PERCEIVED MISSIONS & THRUSTSSHOTGUNS--1983

<u>Competitor</u>	<u>Competitive Position</u>	<u>Perceived</u>		<u>Market Share</u> (%)	
		<u>Missions</u>	<u>Strategies</u>	<u>1979</u>	<u>1982E</u>
Remington	Strong	Strengthen	Line breadth Communications	27	21
Drowning	Strong	Strengthen	Distribution Price/value Communications Service	5	5
USRAC	Weak	Redirect	Unknown during redirect	16	14
Mossberg	Weak	Sustain	Price/value	7	7
S&W	Average	Strengthen	Distribution Communications Price/value	3	5

Since Remington's weakness is price/value and 3 competitors are using price/value strategies, Remington must strengthen.

PERCEIVED MISSIONS & THRUSTSRIM FIRE RIFLES--1983

<u>Competitor</u>	<u>Competitive Position</u>	<u>Perceived</u>		<u>Market Share</u> (%)	
		<u>Missions</u>	<u>Strategies</u>	<u>1979</u>	<u>1982E</u>
Remington	Average	Sustain	Service	10	10
Browning	Weak	Sustain	Quality	4	4
Marlin	Strong	Sustain	Price/value Distribution Communications	45	38
Ruger	Very Strong	Strength	Price/Value Distribution Communications Service	16	24
USRAC	Weak	Redirect	Unknown	9	6

PERCEIVED MISSIONS & THRUSTSCENTER FIRE RIFLES-1983

<u>Competitor</u>	<u>Competitive Position</u>	<u>Perceived</u>		<u>Market Share</u> (%)	
		<u>Missions</u>	<u>Strategies</u>	<u>1979</u>	<u>1982E</u>
Remington	Strong	Sustain	Communications	32	20
Browning	Average	Sustain	Distribution	4	5
Marlin	Average	Sustain	Price/value	23	16
Ruger	Very Strong	Strengthen	Price/value Distribution Service Communications	16	28
USRAC	Weak	Sustain	Communications	14	14

COMPETITOR STRENGTHS & WEAKNESSESTOTAL FIREARMS-1983

Apparent Mission	Current Competitive Position			
	Very Strong	Strong	Average	Weak
Strengthen	Ruger	B R O W N I N G	Smith&Wesson	
Sustain		Remington	Marlin	Mossberg
Redirect				U.S. Repeating Arms
Yield				
Withdraw				

COMPETITOR STRENGTHS & WEAKNESSESSHOTGUNS-1983

<u>Apparent Mission</u>	<u>Current Competitive Position</u>			
	<u>Very Strong</u>	<u>Strong</u>	<u>Average</u>	<u>Weak</u>
Strengthen		Remington Browning	Smith&Wesson	
Sustain				Mossberg
Redirect				USRAC
Yield				
Withdraw				

COMPETITOR STRENGTHS & WEAKNESSESRIM FIRE RIFLES-1983

<u>Apparent Mission</u>	<u>Current Competitive Position</u>			
	<u>Very Strong</u>	<u>Strong</u>	<u>Average</u>	<u>Weak</u>
Strengthen	Ruger			
Sustain		Marlin	Remington	Browning
Redirect				USRAC
Yield				
Withdraw				

COMPETITOR STRENGTHS & WEAKNESSESCENTER FIRE RIFLES-1983

Apparent Mission	Current Competitive Position			
	Very Strong	Strong	Average	Weak
Strengthen	Ruger			
Sustain		Remington	Marlin Browning	USRAC
Redirect				
Yield				
Withdraw				