

RIMFIRE RIFLE INDUSTRY ANALYSIS

The U.S. domestic rimfire rifle market as a whole is dominated by two players, Sturm Ruger & Co., and Marlin Firearms, each with just over 32% share in units of the total market volume. Third is Savage Arms with 12.4% of the U.S. market. The Remington Arms Co. is a distant fourth in the rimfire rifle market with a scant 8.1% of the total market volume in units. Imports also play a role in the U.S. rimfire rifle market. Former Communist Block countries, particularly the Czech Republic have made significant inroads into the U.S. with lower-cost rimfire rifles that at face value, appear to deliver significant value for the money spent.

The price/value relationship plays a key role in the rimfire market. Low-cost rifles in this category appeal to the masses. In 2001, of the 211M units of rimfire rifles sold by Wal*Mart, 62% of said volume was comprised of products retailing at a price less than \$160.00². The result is an intense struggle by manufacturer's to protect their precious share of the market by maintaining competitive cost positions which translate into low prices at the retail counter.

In stark contrast to the highly competitive "low-end" rimfire market, there is a significant, albeit smaller portion of the market willing to pay premium prices for high-end rifles. Appealing generally to the rimfire "aficionados," product offerings chambered for .22 Winchester Magnum and the newly introduced .17 Hornady Magnum as well as premium grade bolt-action rimfire rifles command higher prices and higher margins.

Customer Profiles

- If one were to examine the rimfire rifle customer solely on a traditional demographics basis, one would find such a broad range of characteristics that it would be difficult to categorize or classify said customer in any meaningful manner. For instance, other than being predominately male, the age, income, and geographic distributions would be so broad that targeting any one particular attribute would prove difficult at best. Rather, it is much more effective to categorize

² 2001 Wal*Mart P.O.S. Data - confidential