



NTBOOK118

MINUTE #5 - 1981

March 19, 1981

FROM PAGE NUMBER

EXHIBIT 2-1

SUBJECT

BOLT ACTION STRATEGY

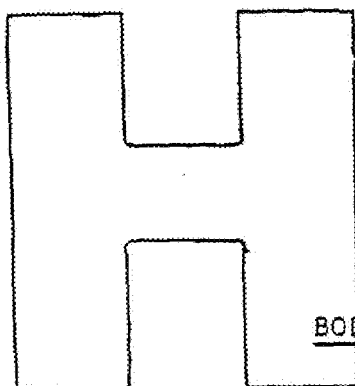


Exhibit 2-1

BOLT ACTION STRATEGY

Bolt Action Rifles comprise about 40% of the total Center Fire Rifle market. They represent the largest single action type. This predominance of Bolt Actions has been fairly constant and is expected to continue.

Over the last few months, Marketing has been developing a comprehensive Bolt Action Rifle strategy to assure our continued success in this extremely important market. This plan strengthens our present line and will enable us to enter new market segments in which we presently do not compete. Key points of the strategy will be presented today, with more specific details to be discussed with Research and Production at appropriate times.

Remington accounts for the largest market share in Bolt Action Rifles. Our Models 700 and 788 account for at least one third of all Bolt Action Rifles sold. Of concern, however, is the relative strength of the second place manufacturer, Ruger. The Ruger Model 77 is a very strong competitor. We have reason to believe they have increased their market share in the last few years, although Trendex, which is our monitor of retail sales, shows the Model 700 is still ahead.

While there are many factors involved in Ruger's growth, price and value certainly play a major role. Ruger has been able to maintain a favorable pricing point against all Bolt Actions including our Model 700. To examine the relative position between Remington and Ruger, the models retail prices are compared in Exhibit 2A.

As you can see, the Model 700 BDL is the highest priced rifle in this grouping. It offers Monte Carlo Stock with cheek-piece and Fore-end Tip, sling and swivels, and iron sights, all of which are not included in the Ruger.

The Model 700 Classic is priced \$35 below the BDL and includes cut checkering, floor plate, and swivel studs.

The Model 700 ADL is \$30 below the Classic and is equipped only with Monte Carlo Stock and iron sights.

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EXHIBIT 2-2

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BOLT ACTION STRATEGY - Contd.

Exhibit 2-2

Our strongest competitor, Ruger, markets the Model 77 with features comparable to the Classic, but provides integral scope mount rings that are included in the price of the rifle. At a retail price of \$325.00, the rifle is a formidable competitor.

From this it is evident that our Model 700 line could be improved to establish a better price-value relationship. We are recommending the following changes:

MODEL 700 ADL

The first step in our strategy is to upgrade the ADL by adding value in the form of additional product features. At the present ADL price level we believe customers expect cut checkering, sling swivel studs, and a detachable floor plate. We are recommending the addition of these features plus a new grip cap. The cut checkering should be a reduced pattern with less coverage than the Classic or BDL. The floor plate and studs are add-used from the other Model 700's.

We recognize that a majority of shooters buy scopes for their Bolt Action Rifles. The perceived value of the ADL would be greatly increased if mounts were supplied with each rifle.

The revised rifle just described could compete favorably with any bolt action on the market provided the price is held close to the present Model 700 ADL level. The addition of product features with a constraint on pricing will necessarily mean reduced margins on this rifle.

MODEL 700 CLASSIC

Model 700 Classic volumes have declined sharply each year since it's introduction in 1978. Efforts were made in 1979 to restyle the Classic, but it appears this strategy has failed. Any further attempt to revitalize the Classic is not recommended. With the upgraded ADL competitively priced, the Classic should be dropped from the line.



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EXHIBIT 2-3

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BOLT ACTION STRATEGY - Contd.

Exhibit 2-3

MODEL 700 BDL

With the exception of the custom and high grades, the Model 700 BDL is our "Top of the Line" Bolt Action Rifle. It offers many product features at a premium price. The styling of the BDL is well accepted and appeals to a large segment of the Bolt Action Rifle market. The continued popularity of this model can be assured by retaining the basic rifle, but adding value in the form of a new Model Four type grip cap and supplying mounts with the rifle. Thus, the BDL will have a higher perceived value and minimize the substitution effect of the restyled ADL. Again, margin reductions will probably be necessary.

So far the discussion has involved improvements to strengthen our present product line. At this point I will cover opportunities available to us in new market segments.

Remington, Ruger or Winchester offerings. This segment is presently held by Colt Sauer, Weatherby and numerous import rifles and accounts for about 80M units. A Remington higher Grade Bolt Action will enable us to compete in a new market and expand the potential of our bolt action product line. We will be working with Research to establish firm model requirements for the new Remington Rifle, tentatively being referred to as a Model Seven.



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EXHIBIT 2-4

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BOLT ACTION STRATEGY - Contd.

Exhibit 2-4

SUMMARY

The proposed bolt action line will have fewer specifications. We will include only high volume calibers in the restyled ADL version. The BDL will be our most complete model with a wide selection of calibers. Carbine specifications will be limited to the most popular short action calibers. The Model Seven will be offered in the 5 calibers most often found in high grade rifles. The net result of this strategy is a reduction of two specifications from our present Model 700 line.

An implementation schedule for the Bolt Action Rifle strategy has not been established. We will be meeting with Research and Production in the near future to determine specific dates. For our purposes today, however, it will be helpful to list the three basic parts of the plan in order of priority. They are:

ADL/BDL RESTYLE	-	FIRST
CARBINE	-	SECOND
MODEL SEVEN	-	THIRD

We are anxious to proceed with the bolt action strategy described today and will keep the Committee advised of our progress.



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EXHIBIT 2-A

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RETAIL PRICING COMPARISON - BOLT ACTION

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Exhibit 2-A

RETAIL PRICING COMPARISON

RETAIL PRICE

MODEL 700 BDL	\$ 399.95
MODEL 700 CLASSIC	364.95
MODEL 700 ADL	334.95
RUGER MODEL 77	325.00

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