CENTER FIRE RIFLES - contd.

MODEL 742X RIFLE - AUTOLOADING CENTER FIRE - contd.

line and consequently least risk on investment. Further study is being focused in this area. The evaluations have included investment for floor space.

The "do nothing" case has been the basis of comparison for all the evaluations.

The basic difficulty has been to achieve an adequate return on investment due to high product cost; low sales volume forecast at higher selling prices, and forecast loss of sales of current products as new products increase in volume.

At this stage of the study, Marketing is looking for a way to get into this new product with minimum risk. It appears that a volume of 8,000 to 12,000 magnum rifles could be sold at premium prices and possibly produce acceptable project economics. This would give the opportunity to test the product in the market and reduce product cost.

It was pointed out that all the numbers being used in the EVAL IV study are high spot. When firm numbers on product cost and investment are developed, the economics may not be acceptable.

A January, 1976 introduction is not realistic. Product could be available in June, 1976 with expenditures for equipment starting in February, 1974. If the firm economics are questionable, equipment procurement would not start at that time and introduction probably would be 1977.

During the discussion, several questions, suggestions and/or reminders were offered:

- If it is known now that a model has to be replaced, is this low volume approach best?

- Remington has been successful by putting its own products out of business with new products.

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