

BOLT ACTION CENTERFIRE RIFLE STRATEGY

GENERAL POSITIONING

WE ARE ANTICIPATING THE CENTERFIRE RIFLE MARKET WILL EXPAND AT A RATE OF SLIGHTLY LESS THAN 2% PER YEAR FOR THE NEXT FIVE YEARS. WITHIN THE CENTERFIRE RIFLE MARKET, THE BOLT ACTION SEGMENT DOMINATES. WE ESTIMATE THAT BOLT ACTION RIFLES ACCOUNT FOR 43% OF ALL CENTERFIRE RIFLES SOLD.

OUR MARKET SHARE PERFORMANCE IN THE BOLT ACTION RIFLE SEGMENT DECREASED IN 1979. IN 1978, THE REMINGTON SHARE OF THE BOLT ACTION CENTERFIRE RIFLE MARKET, WAS ESTIMATED TO BE 39%. OUR ESTIMATE FOR 1979 IS ONLY 35%, OR A DROP OF 4 POINTS. THIS DECREASE IN SHARE HAS BEEN THE RESULT OF:

- CAPACITY CONSTRAINTS ON THE MODEL 700,
- SOFTENING OF DEMAND FOR THE MODEL 788,
- DISCONTINUANCE OF THE MODEL 600 AND,
- VIABILITY AND AVAILABILITY OF COMPETITIVE PRODUCTS.

OBVIOUSLY COMPETITION HAS MADE SUCCESSFUL INROADS INTO THE BOLT ACTION CENTERFIRE RIFLE MARKET. RUGER AND THEIR MODEL 77 OFFER A QUALITY FIREARM THAT IS WELL ACCEPTED BY BOTH THE TRADE AND SHOOTER ALIKE. WHILE WE ARE ANTICIPATING NO MAJOR CHANGES TO THEIR LINE IN THE NEAR FUTURE, WE DO EXPECT THEM TO CONTINUE INCREASING THEIR SHIPMENT CAPABILITY.

WINCHESTER, THROUGH THEIR BASIC MODEL 70, HAVE PROMOTED AND CAPITALIZED ON THE XTR SERIES OF GUNS. THESE GUNS ARE OF SUBSTANTIALLY HIGHER PERCEIVED QUALITY THEN THEIR STANDARD GUNS AND ARE BECOMING

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SEP 17 1979

ILLION RESEARCH DIVISION

INCREASINGLY WELL ACCEPTED. WE FEEL THEY WILL CONTINUE IN THE DIRECTION OF THE XTR CONCEPT AND WILL ACHIEVE MODEST SUCCESS WITH THE MODEL 70 XTR. THEIR NON-XTR GUNS MAY WELL BE DROPPED WITHIN THE NEXT SEVERAL YEARS.

THERE ARE NUMEROUS OTHER COMPETITORS IN THE BOLT ACTION CENTERFIRE RIFLE MARKET. MOST OF THE GUNS ARE NOT MADE IN THE UNITED STATES. OF SIGNIFICANCE FROM THE STANDPOINT OF POTENTIAL IS THE S & W MODEL 1500. WHILE THESE GUNS HAVE GENERALLY NOT BEEN AVAILABLE, THEY ARE QUALITY PRODUCTS AND ARE EXPECTED TO BE WELL RECEIVED.

OUR COMPETITORS FOR THE 1980'S ARE FORMIDABLE. THEY HAVE PROVEN THEIR CAPABILITIES IN THE PAST AND WILL REMAIN VIABLE IN THE FUTURE.

WHAT WILL REMINGTON DO IN THIS HIGHLY COMPETITIVE MARKET? OUR OVERALL STRATEGY WILL BE TO INCREASE THE MARKET SHARE AND PROFITABILITY OF OUR BOLT ACTION CENTERFIRE RIFLES. TO HELP MAXIMIZE THE RETURN ON FIREARM INVESTMENTS, A REVIEW WILL BE MADE OF THOSE SPECIFICATIONS THAT DO NOT ADD APPRECIABLE INCREMENTAL VOLUME TO OUR UNIT SALES. FOR EXAMPLE A REVIEW WILL BE MADE OF THE MODEL 700 ADL IN 6MM REMINGTON CALIBER. THIS PARTICULAR SPECIFICATION IS RELATIVELY LOW IN VOLUME. BECAUSE THE CALIBER IS OFFERED IN THE CLASSIC, BDL, BDL VARMINT AND CUSTOM, IT IS FELT ADEQUATE REMINGTON ALTERNATIVES ARE AVAILABLE TO THE SHOOTER AND A SALE WOULD NOT BE LOST. BY NOT MAKING THIS ITEM, AN ITEM OF HIGHER DEMAND COULD BE MADE.

AS A RESULT OF SUCH PRODUCT LINE SIMPLIFICATION, MANAGEMENT FOCUS IS LESS DILUTED, PRODUCTION RUNS ARE MORE EFFICIENT, AND CUSTOMER SERVICE IS IMPROVED ON THE REMAINING ITEMS.

(CHART - 1)

BOLT ACTION CENTERFIRE RIFLE SPECIFICATIONS

	<u>600</u>	<u>788</u>	<u>700 ADL</u>	<u>700 CLASSIC</u>	<u>700 BDL</u>	<u>700 BDL VAR</u>	<u>700 C</u>	<u>700 BDL LH</u>
17 REMINGTON					X			
222 REMINGTON	(X)		(X)		(X)	(X)	(X)	
22-250 REMINGTON		X	(X)	(X)	(X)	X	(X)	
223 REMINGTON		X				(X)		
6MM REMINGTON	(X)		(X)	(X)	(X)	(X)	(X)	
243 WINCHESTER	(X)	X	X	X	X	X	(X)	
25-06 REMINGTON			(X)		X	(X)	(X)	
270 WINCHESTER			X	X	X		(X)	X
7MM EXP. REMINGTON			(X)		X		(X)	
30-06			X	X	X		(X)	X
308 WINCHESTER	(X)	X	(X)		(X)	X	(X)	
7MM-08 REMINGTON		X				X		
7MM REMINGTON MAG.			X	X	X		(X)	X
300 WINCHESTER MAG.					X		(X)	
8MM REMINGTON MAG.					X		(X)	
375 H & H					(SAFARI)			
458 WINCHESTER					(SAFARI)			
TOTAL OFFERING	(4)	5	10	6	15	8	(12)	3
0 ITEMS TO BE REVIEWED.								

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KINZER V. REMINGTON

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THIS CHART LISTS THE SPECIFICATIONS CURRENTLY AVAILABLE IN OUR BOLT ACTION CENTERFIRE RIFLE LINE. IT READILY DEMONSTRATES THE WIDE LINE WE OFFER. IT ALSO DEMONSTRATES THE MULTIPLICITY OF OUR LINE. A REVIEW WILL BE MADE OF THOSE ITEMS CIRCLED. SUCH A REVIEW WILL CONSIDER AN ITEM BY ITSELF AS PREVIOUSLY DESCRIBED WITH THE MODEL 700 ADL 6MM REMINGTON EXAMPLE AND ALSO IN CONJUNCTION WITH THE LINE. TAKE FOR EXAMPLE, THE RIFLES OFFERED IN .22-250 REMINGTON. WE OFFER THE SHOOTER SIX RIFLES TO CHOOSE FROM. WE EXPECT DEMAND TO CONTINUE AND OFFER ADEQUATE SUPPORT TO THE MODEL 788 AND MODEL 700 BDL VARMINT. THE SALES VOLUME OF THE .22-250 REMINGTON CALIBER IN EITHER THE ADL, BDL OR CLASSIC PROBABLY DOES NOT JUSTIFY CARRYING THE SPECIFICATION. HOWEVER, AN INCREASED MODEL 700 BDL .22-250 REMINGTON UNIT VOLUME MAY BE REALIZED IF THE ADL AND CLASSIC VERSIONS ARE DROPPED. THUS WE WOULD STILL OFFER THE SHOOTER A MODEL 700 IN .22-250 REMINGTON CALIBER IN A STANDARD BARREL SPECIFICATION. HIS MODEL 700 CHOICES WOULD BE EITHER THE BDL OR BDL VARMINT MODEL. WHICHEVER MODEL HE CHOOSES, IT IS MORE PROFITABLE TO REMINGTON.

A ROUTINE DISCIPLINED REVIEW OF ALL SPECIFICATIONS WILL BE MADE EVERY DECEMBER. SHOULD VOLUME BE INSUFFICIENT FOR MAINTAINING AN ITEM, THE ITEM WOULD BE DROPPED THE FOLLOWING DECEMBER. MARKETING WOULD SUBMIT A MAXIMUM ORDER FORECAST TO PRODUCTION FOR EACH SPECIFIC ITEM TO BE DISCONTINUED THE FOLLOWING YEAR. IN THIS MANNER OBSOLETE PRODUCT WOULD BE HELD TO A MINIMUM.

SINCE WE ARE ESTABLISHING A STRATEGY IN A DYNAMIC COMPETITIVE ENVIRONMENT, SPECIFICATION REVIEWS WILL ALSO BE CONDUCTED AS NECESSARY.

A CASE IN POINT IS THE MODEL 700 CUSTOM. AS INDICATED ON THE CHART, THE MODEL 700 CUSTOM ITSELF IS SCHEDULED FOR REVIEW. IT WILL BE REVIEWED WITH OTHER ITEMS THAT ARE MADE IN THE CUSTOM SHOP.

THE MODEL 788

THE MODEL 788 IS FOCUSED TOWARD A PRICE SENSITIVE HIGH UTILITY MARKET. THE GUN IS PRICED AT 30 % BELOW THE MODEL 700 ADL. A STRATEGY HAS ALREADY BEEN IMPLEMENTED TO COUNTER THE SLUMP IN MODEL 788 SALES. THE GUN HAS BEEN RESTYLED FOR 1980 AND THE LINE HAS BEEN STREAMLINED. IN THIS MANNER, WE WILL ATTEMPT TO MAXIMIZE THE USE OF MODEL 788 PLANT FACILITIES. THE 7MM-08 REMINGTON CALIBER HAS BEEN ADDED AND THE .222 REMINGTON, 6MM REMINGTON AND LEFT HAND MODELS DELETED.

IT IS RECOGNIZED THAT A SCOPE VERSION OF THE MODEL 788 IS NOT AS PROFITABLE AS THE GUN ALONE. HOWEVER, THE 4X SCOPE/GUN COMBINATION IS REQUIRED AT THIS TIME TO ACHIEVE THE DESIRED SALES VOLUMES. ADDITIONALLY, A VARIABLE SCOPE COMBINATION HAS BEEN NECESSARY TO PROMOTE THE SALE OF OBSOLETE MODEL 788'S AND MINIMIZE OUR INVENTORY CARRYING COSTS.

IT IS OUR OBJECTIVE TO ELIMINATE USE OF THE VARIABLE SCOPE IN PROMOTIONS AS SOON AS ALL OBSOLETE PRODUCT IS SOLD. WE ANTICIPATE THE STRENGTH OF THE MODEL TO BE ADEQUATELY SUFFICIENT TO PERMIT DROPPING THE 4X SCOPE AT THE END OF 1982.

MODEL 700 BDL

DEMAND FOR THE MODEL 700 BDL IS STRONG. THE MAJOR PROBLEM WE ENCOUNTER IS OUR INABILITY TO SUPPLY ORDERED QUANTITIES. SUCH POOR CUSTOMER SERVICE HAS ENABLED COMPETITION TO MAKE SUBSTANTIAL INROADS IN THIS MARKET. SUBSTANTIAL SALES INCREASES OF MODEL 700 BDL'S HAVE BEEN HAMPERED BY OUR CUT CHECKERING CAPACITY. FOR 1980, WE ARE ESTIMATING THAT 65% OF THE MODEL 700'S WILL BE CUT CHECKERED (BDL

AND CLASSIC). THE DEMAND FOR CUT CHECKERING WILL CONTINUE TO BE VERY STRONG. OUR FORECAST FOR MODEL 700'S WITH CUT CHECKERING INCREASES 3 POINTS FOR EACH OF THE NEXT FIVE YEARS. WE EXPECT 77% OF ALL MODEL 700'S IN 1984 TO FEATURE CUT CHECKERING.

SINCE WE ARE AT CAPACITY ON MODEL 700 BDL'S, A KEY ITEM PRIORITY HAS BEEN ESTABLISHED. THIS ESTABLISHES A CORE OF BDL SPECIFICATIONS FOR WHICH A HIGH LEVEL OF CUSTOMER SERVICE IS DESIRED. IT IS IN RECOGNITION OF THE CONCEPT THAT EACH BDL SOLD DOES NOT HAVE EQUAL VALUE TO REMINGTON. KEY ITEMS ARE THOSE SPECIFICATIONS THAT HAVE THE GREATEST RELATIVE SALES VOLUME. SINCE THESE SAME SPECIFICATIONS ARE BASIC TO SHOOTER DEMAND, COMPETITORS MUST ALSO CONCENTRATE THEIR EFFORTS ON THE SAME PRODUCTS. WITH THE VIABLE COMPETITIVE PRODUCTS CURRENTLY OFFERED, POOR CUSTOMER SERVICE LEVELS LEADS TO COMPETITIVE SUBSTITUTION. THUS COMPETITIVE INROADS WILL BE MINIMIZED THROUGH IMPROVED CUSTOMER SERVICE ON KEY ITEMS. FOUR GUNS IN OUR BOLT ACTION CENTERFIRE RIFLE LINE ARE KEY ITEMS: 700 BDL, 30-06, .270 WIN., 7MM REM. MAG., AND THE 30-06 700 ADL.

MARKETING WILL ESTABLISH THE KEY ITEM PRIORITY AND PROVIDE PRODUCTION WITH A MONTHLY FORECAST FOR EACH ITEM EVERY SEPTEMBER. A REVIEW OF FORECAST/PRODUCTION PERFORMANCE WILL BE MONTHLY, BEGINNING WITH THE DECEMBER CLOSING DATA.

THE MODEL 700 BDL LINE IS EXPECTED TO BE THE LEAST CHANGED 700 LINE IN THE FUTURE. THE MOST COMPLETE CALIBER OFFERINGS WILL BE FOUND IN THE MODEL 700 BDL SPECIFICATION.

MODEL 700 ADL

DEMAND FOR THE MODEL 700 ADL IS MODERATELY STRONG. WE DO ANTICIPATE THE TREND TOWARD CUT CHECKERING WILL ADVERSELY AFFECT THE GROWTH OF THIS LINE. THE ADL LINE WILL BE TRIMMED DOWN TO INCLUDE ONLY THOSE SPECIFICATIONS WITH SUBSTANTIAL VOLUME. WE WILL FAVORABLY CONSIDER PRODUCT CHANGES TO THE MODEL 700 ADL THAT WILL RESULT IN COST REDUCTION. THE ADL LINE WILL BE SIMPLIFIED FOR THE PRIMARY USE OF THE MASS MERCHANTS. THE 700 ADL 30-06 HAS BEEN DESIGNATED A KEY ITEM.

MODEL 700 CLASSIC

THE MODEL 700 CLASSIC ORDER POSITION HAS BEEN THE WEAKEST OF ALL MODEL 700 VERSIONS. IT IS FELT THE PROBLEM WITH THE GUN IS NOT ONE OF GUN DESIGN BUT ONE OF POOR AND CONFUSING COMMUNICATIONS. THROUGH APPROPRIATE PRICING, ADVERTISING AND FIELD SALES SUPPORT, IT IS OUR OBJECTIVE TO ACHIEVE A JUNE 1980 ORDER DEMAND OF GREATER THAN 14,000 GUNS.

WE ARE RECOGNIZING THE INDEPENDENT DEALER PROBLEM AND SEE THE NEED TO OFFER PRODUCTS THAT SUPPORT THE INDEPENDENT DEALER. IT IS OUR STRATEGY TO DEVELOP THE CLASSIC WITH A FOCUS TOWARD THE INDEPENDENT DEALER. THIS FOCUS WILL BE BOLSTERED THROUGH THE OFFERING OF LIMITED PRODUCTION ITEMS SUCH AS WAS DONE WITH THE MODEL 760 IN .35 REMINGTON. FUTURE LIMITED OFFERS MAY INCLUDE THE .257 ROBERS, 7 X 57 MAUSER, .220 SWIFT, CHEMICALLY ETCHED RECEIVERS AND LASER CUT ETCHINGS ON THE STOCK AND FORE-END.

IT IS MOST PROBABLE THAT FUTURE CALIBER OFFERINGS WILL BE TARGETED TO A UNIQUE MARKET SERVICED BY THE INDEPENDENT DEALER. IT IS FOR THIS REASON THAT FUTURE NEW CALIBER OFFERINGS WOULD BE INTRODUCED IN THE CLASSIC LINE. DEPENDING UPON THE PERFORMANCE OF THE CLASSIC IN 1980 AND 1981, CONSIDERATION WILL BE GIVEN TO MOVING THE HEAVY BARREL VARMINT GUN FROM THE BDL TO CLASSIC SPECIFICATION. THIS MAY SERVE TO FURTHER SUPPORT

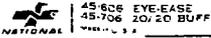
BOLT ACTION CENTERFIRE RIFLES

STRATEGY: INCREASED MARKET SHARE AND PROFITABILITY

- PRODUCE LINE SIMPLIFICATION DISCIPLINE
- KEY ITEM FORECAST AND REVIEW
- MODEL 788 - DISCONTINUE SCOPE OFFERINGS
- MODEL 700 BDL - COMPLETE FULL LINE SPECIFICATIONS
- MODEL 700 ADL - STREAMLINED MASS MERCHANT LINE
- MODEL 700 CLASSIC - EXPANDED LINE FOCUSED ON THE
INDEPENDENT DEALER
- CARBINE INTRODUCTION

THIS SUMS UP OUR STRATEGY ON BOLT ACTION CENTERFIRE RIFLES. AS PREVIOUSLY STATED, IT IS A DYNAMIC STRATEGY THAT WILL HAVE TO BE ADJUSTED TO COMPETITIVE ACTIONS. THE ATTACHED CHART OUTLINES THE TIMING OF OUR MAJOR DECISION POINTS.

(CHART - 3)



Model 700 ADL Proposals

Retail = $\frac{\text{NET Selling}}{.82975}$ Jobbers = 1.154 (NET Selling)

NET Selling = @15% = F.C. x 1.362 @25% = F.C. x 1.588 - no cost
 @20% = F.C. x 1.466 X Not Applicable

	Marketing	Ilion I	Ilion II	
1 Base Factory Cost	138.62	138.62	138.62	- Present ADL
2				
3 1. Cut Checkering	6.21	6.21	6.21	
4 2. Open Sights	X	X	X	
5 3. Delete Iron Sights	<5.29>	<5.29>	<5.29>	
6 4. Scope Rings	15.63	X	X	
7 5. Cost Follower	-	X	X	
8 6. Formed Followa	X	<3.20>	<3.20>	
9 7. Soft Rubber Butt Pad	X	X	X	
10 8. Plastic Butt Plate				← std - 2 screw type
11 9. Jeweled Bolt	-	<.38>	<.38>	
12 10. Plain Bolt Handle	X	X	X	
13 11. Present Bolt Handle	-	X	X	
14 12. Floor Plate	3.90	X	X	
15 13. RK-W Finish	-	X	X	
16 14. "Lacquer" Finish	X	<5.29>	<5.29>	(88 Access) - C
17 15. Monte Carlo	-	X	X	
18 16. Check Piece	-	X	X	
19 17. Grip Cap (book)	.29	X	X	ADL (Zuckerman) (1.50)
20 18. Classic Stock	X	<.96>	<.96>	CLASSIC - GEISER
21 19. Sling Swivel Studs	X	X	X	
22 20. Sling	X	X	X	
23 21. Walnut Stock	-	-	-	
24 22. Alternate Wood	?	?	?	
25 23. High Gloss Finish	-	X	X	
26 24. Satin Finish	X	X	-	
27 25. Bolt Lock	X	X	X	
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