

greater value. A fixed 4X scope with a 32mm objective and 1" tube from BSA has been identified as a candidate for this project. Initial thoughts are to make this product an exclusive for Wal\*Mart conditional upon Wal\*Mart's commitment to grow the 597 business significantly.

Model	MSP	NSP (Wal-Mart)	1st Yr. Volume
597 Scoped Combo	\$ 140.00	\$ 130.34	7500

**Pricing Considerations** – From a purely competitive perspective, there is every argument not to take a price increase on the Model 597, especially on the 22LR models. However, pricing on the Model 597 has held for two consecutive years despite rising manufacturing costs. Margins on the Model 597 are poor and a price increase for 2003 is a necessary action. A 4% price increase is recommended across the line for 2003.

**Product Deletions** – No product deletions are planned for 2003.

#### **Product Strategy – 2004 & Beyond**

##### **Model 552 Speedmaster**

There are no new products planned for this item. Consideration will be given to special make opportunities provided they meet a threshold minimum of 500 units.

##### **Model 597**

The key to the continued success of the Model 597 family lies in maintaining or reducing manufacturing costs without sacrificing the quality of product delivered to the marketplace and in product differentiation. Points for consideration are:

- Cost reduction opportunities such as the elimination of the receiver dovetail cut and drilling and tapping of scope base holes on the receiver by redesigning the receiver with built in bases, similar to the Ruger 10/22.
- Pursuit of special make up opportunities that provide product differentiation to our customers, allowing the 597 to fill voids left by the 10/22 and Model 60 in niche market opportunities.