

Market Research

Gun Reform Statistical Analysis & Research in US

Objectives (Requirements from Elance Posting)

- ❖ Research statistical data (forecast weapon sales, profit margin, loss, gains, analysis) based on gun reform within the USA.
- ❖ Our product aims to curb gun violence. We are looking to lease out my product to governmental, homeland security, independent security company, etc.
- ❖ projected analysis, reporting weapon sales of registered firearms in the U.S (1-5yrs). Along with a product SWOT / any other data needed to establish a product leasing / sale price.
- ❖ Establish the optimal price point for the product, which can be predetermined from projected gun sales and / or registered gun owners within the United States.
- ❖ Your Analysis must include gun owner stats (types of weapons, registered - non registered, mass shooting - recreational, criminal- accidental, school shooting - weapons found in schools, etc. Any projected data collected will be used to support product leasing: profit/loss, product SWOT, and market size.

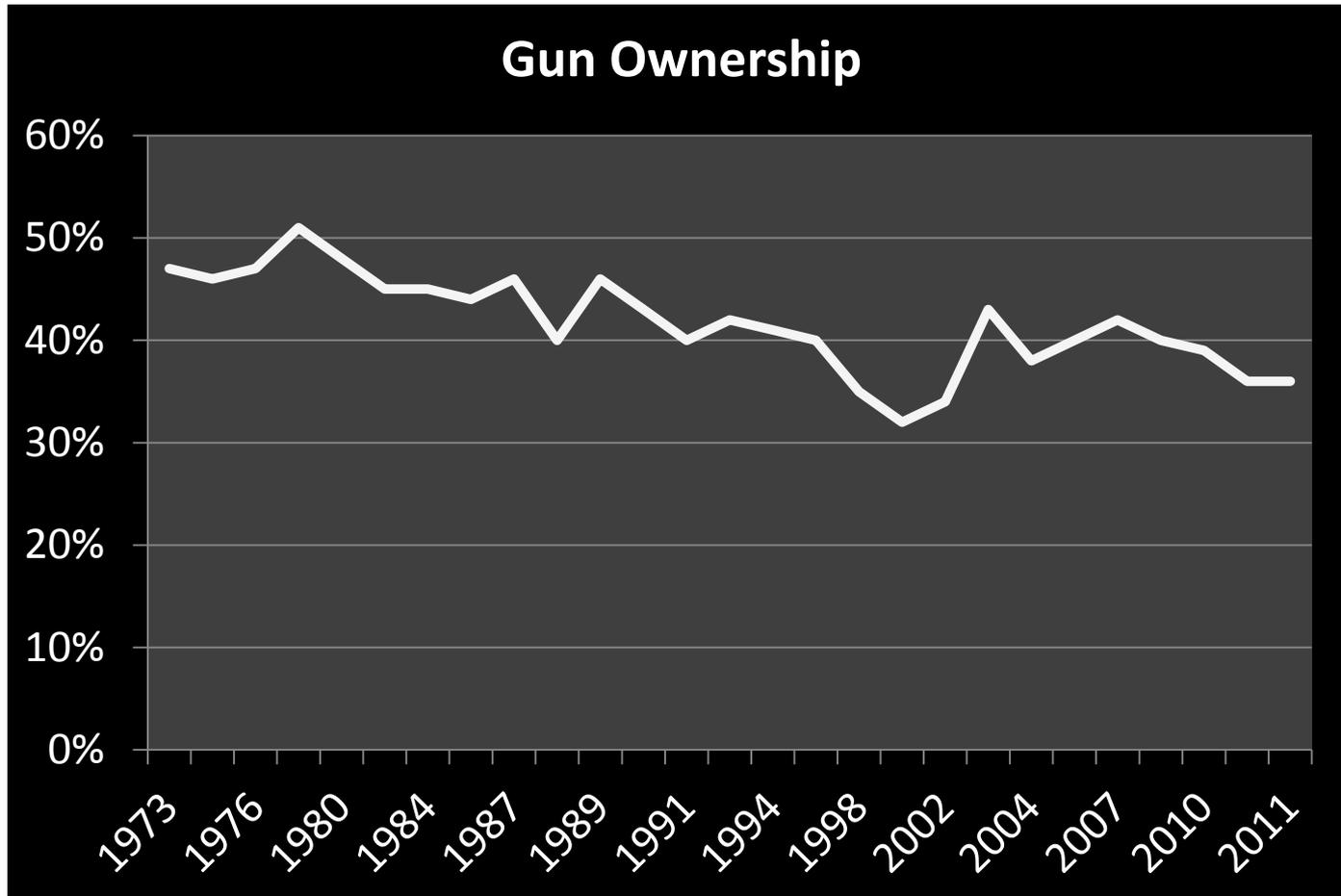
Objectives & PMB

- ❖ the product is a system based product, created to upholding the safety of all and the preservation of gun owner's rights.
- ❖ Do to the ongoing acts of gun violence within the United States, the product capitalize on preventing and/or hindering gun violence.
- ❖ The system is designed to monitor, secure and alarm authorities of unwarranted firearms that enter into specifically stated gun free zones.
- ❖ Prior to this system, no one has been successful at significantly reducing the rate of crimes involving firearms or mass shooting. This plan serves to illustrate a potential safety system that can be obtained through the renovation of existing structures and products. This is why I need your expertise to establish a price point and analyzes the product and its need (supply and demand). The direction you can start at would be gun registration to gun ownership within the US. Think outside the box not what it would take to construct/manufacture the product.

Facts

- ❖ Best-armed civilian population in the world, with an estimated 270 million total guns.
- ❖ Average – 89 firearms for every 100 residents
- ❖ More than 3.1 million National Firearms Act-registered weapons in the U.S. as of March 2012. That includes more than 488,000 machine guns and more than 2 million “destructive devices” such as grenades, which are also classified under the law.
- ❖ Gun ownership is on the decline

Statistics on Gun Ownership



Self-reported gun ownership – peak at 53% in 1970s; 32% in 2010

Statistics on Gun Ownership

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Sex	
Male	43%
Female	35%

Race	
White	44%
Non	27%
Black	27%

Age	
18 – 29	43%
30 – 49	35%
50 – 64	45%
50+	42%
65+	38%

Education	
College Post Graduate	43%
College Graduate	35%
Some College	41%
High School Graduate or Less	42%

Statistics on Gun Ownership

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Income	
\$75000	47%
\$50000	49%
\$30000	44%

Region	
East	44%
Midwest	27%
South	27%
West	37%

Politics	
Republican	49%
Democrat	35%
Independent	35%

Ideology	
Conservative	49%
Moderate	37%
Liberal	22%

Statistics on Gun Ownership

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Reasons to own a gun	
Protection against crime	67%
Target Shooting	66%
Hunting	58%

Facts

- ❖ Shotguns, rifles and other traditional hunting weapons made up half of all new civilian gun sales in America (2008)
- ❖ Hunting industry is forecasting a 24 percent drop in revenue by 2025.
- ❖ Handgun sales have jumped 70 percent since 2008, racking up an estimated \$1.5 billion in sales last year (2010).
- ❖ Revenue from assault rifles is growing at an even faster clip – having doubled in the past five years, to \$489 million.
- ❖ Gross Profit of gun makers - 30 percent or more.
- ❖ Stag Arms - "Currently we are over 1 year back ordered on rifles," reads an online notice posted by AR-15 maker. "We are not taking orders at this time."
- ❖ Nearly 12 million background checks for gun sales took place in the U.S. (Aug. 31, 2013), up 56% from the same period in 2008, according to the Federal Bureau of Investigation.
- ❖ Customers must undergo background checks before buying firearms from federally licensed sellers.

Facts

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- ❖ Collections of federal excise taxes on the sale of new firearms and ammunition (a proxy for gun sales) rose to \$453 million in 2009, a 45% jump from the year before. That's a significant surge compared with the average 6% annual increase reported by the Treasury Department's Alcohol and Tobacco Tax and Trade Bureau from 1993 to 2008.
- ❖ Excise tax collections have moderated somewhat, to \$344 million in 2011, but remain above pre-2008 levels.
- ❖ Leading players in gun making Industry – “plans to raise ammunition prices by 2% to 6%.”
- ❖ Cabela's generates about a fifth of its \$2.8 billion in revenue from firearms and ammunition.
- ❖ Smith & Wesson - Net income rose to \$26.5 million, or 40 cents per share, from \$17.8 million, or 27 cents per share, a year earlier; Revenue rose to \$171.0 million in the quarter ended July 30.; Analysts on average had expected a profit of 36 cents per share on revenue of 165 million.(Sep 05, 2013, Reuters)

Facts

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- ❖ Obama administration would take two new steps to curb American gun violence.
- ❖ In the last eight years, the U.S. has approved 250,000 of those guns to come back to the U.S.,
- ❖ Since the mid 1990's - Congressional allies of the National Rifle Association slashed the agency's annual budget by \$2.6 million – the exact sum it had been spending on gun violence research.
- ❖ Vice President Joe Biden said on Wednesday the White House will hold talks about gun control measures to try to prevent tragedies like the one last month at a Connecticut school.
- ❖ U.S. firearm homicide rate was:
 - ❖ — 5 times that of Canada
 - ❖ — 10 times that of Finland
 - ❖ — 13 times that of Germany
 - ❖ — 19 times that of Australia
 - ❖ — 24 times that of Spain.
 - ❖ — 44 times that of England and Wales

Facts

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- ❖ Flanked by teachers and mothers of gun-violence victims, Obama yesterday urged lawmakers to pass legislation to expand background checks on gun buyers, ban civilian sales of military-style rifles and limit the ammunition capacity of magazines.
- ❖ Nearly six in 10 Americans want stricter gun laws in the aftermath of the Newtown shooting, with majorities favoring a nationwide ban on military-style, rapid-fire weapons and limits on gun violence depicted in video games, movies and TV shows, according to a new Associated Press-GfK poll.
- ❖ A lopsided 84 percent of adults would like to see the establishment of a federal standard for background checks for people buying guns at gun shows, the poll showed.

Pricing

- ❖ The State of Kentucky has recently passed a bill whereby gun owners are required to install a tracking chip in their guns
- ❖ This tracking chip makes use of the RFID system
- ❖ Gun owners are required to bring their firearms to predesignated locations and get their guns installed with the RFID chip, a small fee will be charged to the gun owners for this task
- ❖ ***This RFID system helps authorities keep a track on gun usage in the state***
- ❖ There are at least two firms that market GPS tracking equipment that is attached to firearms . Both companies market their products for law enforcement and military applications, which suggest that they do not impair the usability of firearms.
- ❖ First, In 2008, Portman Security Systems introduced its [Weapons Intelligent Tracking System](#). This is a firearms and body armor tracking system that uses GPS and related technologies. ***Portman states that the system can be used to track weapons in real time to assist in their recovery if they are stolen.*** The system can also be used to inform police dispatchers if a weapon is taken from an officer.
- ❖ Second, the firm 3ARC sells a similar product. It provides automatic GPS tracking (position, time, and ballistic events) in a device that clips directly onto any firearm universal rail system. The casing has built-in antennas and rechargeable batteries. It can help locate a missing firearm and will trigger an alert if it leaves a specified area around a bullet-proof vest (sold by the company) with which it has been synchronized. Although the company is British, its [website](#) notes that the battery recharger is sold with an adaptor to allow it to be used with a 110 volt current, allowing it to be used in the United States where this voltage is used

Pricing

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- ❖ Several patent applications have been filed to incorporate GPS equipment in firearms. At least two firms market GPS equipment for firearms for law enforcement agencies and the military. In both cases, the equipment is attached to, rather than built into, a firearm.
- ❖ ***The equipment costs approximately \$200 per unit according to the manufacturers. In addition, there would be on-going costs for software licensing and monitoring systems.***

Salient facts about Visible Assets / RuBee (Competitor Analysis)

- ❖ More hardware product than software centric.
- ❖ Several patent applications have been filed to incorporate GPS equipment in firearms. At least two firms market GPS equipment for firearms for law enforcement agencies and the military. In both cases, the equipment is attached to, rather than built into, a firearm.
- ❖ Visible Assets Awarded a \$5 Million, Five Year Naval Contract For Weapon Shot Counters
initial \$637,563.00 Purchase Order was placed for RuBee Ruggedized HandHeld Readers and RuBee shot counter tags.

Pricing - Software

Details	Proposed Time-frame & Cost
Expected time-frame	2 weeks
Cost per hour (to develop the product)	\$ 50
Proposed hours to be spend on the development of product (total)	80 hours
Developmental phase of the product	44 hours (55% of total time spend in full development of product)
Requirement gathering, Technical Conversion, Testing	36 hours (45% of total time spend in full development of product)
Proposed total cost	\$4000 (80 hours X \$50 per hour)

Proposed clients in a year	100
Proposed clients per month	$100 / 12 = 8$
Proposed software cost per client	$8\% \text{ of } \$5200 = \420
Initial Installation Cost	$20\% \text{ of product cost per client } (\$420) = \$84$

Assumptions:

- ❖ The industry experts will take 2 weeks of time-frame to develop the product with required features
- ❖ Table 1 , Explains the proposed cost incurred by the seller for the development of product
- ❖ In table 2, 100 clients are being added into the clientele list per year
- ❖ 30% of profit margin is achieved though the sales process

Pricing – Total Cost

Cost of RuBee Tags (one of the competitors-

<http://www.visibleassets.com/page2/Tags/index.html>)

Specification	Cost
High volumes	\$1.25
Specialized calibrated sensors & waveform firmware / software	\$140
Typical dump tag without any special security features	\$15 to \$25
Tags with advanced tag sub-nets, memory and security features (depends on volume function and features)	\$15 to \$95

Assumptions

- ❖ No of entry points also be a factor in deciding the cost of hardware (apart from above mentioned factors)
- ❖ If there is only one entry point the hardware cost can be calculated in the above-mentioned table, and multiply the number of entry points along with the cost.
- ❖ Hardware Cost = \$ 2 to \$ 150 (Reference: Table 3)
- ❖ Harddisk to enter and save the data = \$ 200
- ❖ Total Cost: Software cost + Total Hardware cost
= \$484 + (\$2 to \$ 150) + \$200

Total Cost = \$684 to \$834

Note:

\$ 484 = Total Software Cost

\$ 2 to \$ 150 = Hardware Cost (similar to RuBee tags)

\$ 200 = Hard-disk to save data

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