Summary of Findings

- Just two of 21 sources expect 2014 sales growth in firearms and ammunition to top the frenzied pace of 2013; the remaining 19 forecast a return to “normal” sales trends based on the diminished threat of gun control legislation that sparked last year’s surge.

- Handguns now comprise a greater percentage of sales, in contrast with a year ago when longer guns, especially assault rifles, led purchases. New handgun models are the most popular guns so far in 2014.

- Sources indicated a widening base of firearm customers. Nine specified a recent surge in female gun buyers.

- Supply issues, especially in commonly used ammunition such as .22 caliber, will continue to plague the industry for the foreseeable future. However, only two sources believe ammunition supply shortages have affected gun sales. Regarding firearms, backorders are down or nonexistent for most sources.

- Consumers are buying more ammunition year to year because of supply and pricing concerns. However, only four sources said consumers are hoarding ammunition.

Silo Summaries

1) Gun Store Executives
   Five of these six sources said 2014 sales growth will fall short of the surge that took hold in 2013 after the Sandy Hook Elementary School shootings and the associated political fallout. Two of the six executives noted a rise in female buyers that has broadened the consumer market for firearms. Two also said handguns now comprise the majority of weapon sales. Ammunition—notably .22 caliber—continues to be in short supply and on backorder. Three sources believe consumers are hoarding ammunition in light of the supply shortage and associated price fluctuations.

2) Gun Store Managers and Employees
   These seven sources said their stores’ sales have slowed since last year’s buying surge. Handgun sales now outperform longer guns. Although supply shortages continue—notably in .22 caliber ammunition—sources’ volume of backorders has eased or disappeared.

3) Wholesalers
   These three sources predict that 2014 sales will return to more traditional growth trends. Ammunition supply continues to be an issue, but gun suppliers are catching up with their backlogs. Profit margins did not vary significantly in 2013, and should remain similar this year.

4) Supply Chain
   These four sources expect sales to grow in 2014 but at more traditional levels than last year. The 2013 buying spree has led to continuing shortages in ammunition, though gun backorders have eased or been eliminated. One source citing a backlog blamed a shortage in gunpowder supply. No source noted any evidence of ammunition hoarding.

5) Industry Specialists
   This source foresees slower growth in 2014 compared with 2013, but said midterm elections may improve the growth rate later in the year. Ammo supply issues, primarily for 22 or .380 caliber bullets, have led to some hoarding. Any corresponding capacity increase will be incremental.
Background

Despite a decline in violent crime during the past several decades, firearm and ammunition purchases have risen over time. Law enforcement agencies have complained about ammunition shortages, which could be exacerbated by higher taxes on both guns and ammunition.

As more guns are sold, demand also increases for accessories, including those that improve firearm handling and accuracy. Women are increasingly buying guns, creating a new market for manufacturers. In addition, the development of biometric gun security has the potential to further drive sales among customers concerned with firearm safety and misuse.

More recently, the industry has shown signs of slowing gun sales and more normal purchasing patterns, thanks to the failed passage of tougher gun laws, potential defeats for proposed gun legislation, and the growing popularity of nonlethal methods of personal defense such as tasers and pepper spray. Also, Blueshift Research’s Sept. 26, 2013, report found that demand and sales for guns and ammunition posted the traditional summer slowdown and also had cooled from the “panic buying” that occurred earlier in the year.

Current Research

In this next study, Blueshift Research assessed gun and ammo sales trends in 2014. We employed our pattern mining approach to establish six independent silos, comprising 21 primary sources (including 11 repeat sources) and six relevant secondary sources focused on firearm sales and safety as well as legislative issues:

1) Gun store executives (6)
2) Gun store managers and employees (7)
3) Wholesalers (3)
4) Supply chain (4)
5) Industry specialists (1)
6) Secondary sources (6)

Next Steps

Blueshift Research will assess sales, orders and supplies for guns and ammunition, especially compared with 2013’s strong performance. Particularly, we will examine the extent of the ammunition shortage and how it will be affected by the halt in U.S. lead production.

Silos

1) Gun Store Executives

Five of these six sources said 2014 sales growth will fall short of the surge that took hold in 2013 after the Sandy Hook Elementary School shootings and the associated political fallout. Two of the six executives noted a rise in female buyers that has broadened the consumer market for firearms. Two also said handguns now comprise the majority of weapon sales. Ammunition—notably .22 caliber—continues to be in short supply and on backorder. Three sources believe consumers are hoarding ammunition in light of the supply shortage and associated price fluctuations.

KEY SILO FINDINGS

Current and Future Sales and Market Share Trends

- 5 of the 6 sources said sales growth probably will not equal 2013’s buying surge.
Guns and Ammunition

- 2 sources said handguns lead 2014 firearm sales.
- 2 sources cited a strong increase in female customers.

Manufacturing, Orders and Inventory Trends
- 3 sources noted at least some level of backorders, most commonly in .22 caliber ammo.
- 3 have noticed some level of ammo hoarding by customers, which exacerbates an already short supply.

Average Shopping Basket/Order Size and Margin Trends
- Despite some markups related to ammo supply issues, 3 sources said their margins remain at traditional levels.

1. Owner of a holster store in the Midwest; repeat source
Although in September this source predicted unprecedented growth for all industry products for another three to four years, sales of holster accessories have dropped 30% so far in 2014. Still, firearm sales remain solid, and ammunition demand is being spurred by a shortage. Customers are focused on ammo to the point of hoarding, a situation tied to fear over the shutdown of the last remaining U.S. lead smelter and the advent of copper bullets, which are expected to drive up prices. The new norm for the gun/ammo market now appears to be characterized by frenzied booms, tempered slumps and strong sales for whatever product is under scrutiny by regulators or legislators.

Current and Future Sales and Market Share Trends
- “Sales for us are very slow right now. Since October [2013], we’ve seen a 30% decline in sales.”
- “Everyone has been hurting for ammo, and people are just focused on buying ammunition. In January the last lead smelter in the U.S. shut down; the shutdown has been causing a feeding frenzy for ammo at the exclusion of everything else. The shutdown means there is no source of lead here, and now they will only be making ammo with copper. That also means the price of ammo will probably triple so people are hoarding before the prices go up and the supply is gone.”
- “It’s not just slow for me and the sale of holsters. Even people selling other accessories are saying the same thing.”
- “Our sales are expected to be low for 2014. We’ll be off about 30% for the year.”
- “Firearms—the rifles and handguns—are still selling but not at the same pace as last year. Things have returned to normal. Sales are not bad, and they are probably still growing but not at the crazy levels they were last year.”
- “The new normal is that people are still worried about the future and access. Since [President Barack] Obama got into office, he’s been after gun rights and gun sellers. If it’s not him, it’s one of the people in his administration. In the past, the threat of regulation has driven up sales. 2004 was a boom year, 2008 was a boom year and last year was a feeding frenzy because of the [Sandy Hook Elementary School] shooting in Connecticut. Every time anyone mentions getting rid of guns or restricting ammo or gun sales, people tend to hoard. The new normal is seeing people hoard and stockpile because they are afraid of the future and that the president or congress might take away their Second Amendment rights.”
- “People are hoarding, but what they hoard and what is in short supply depends on what a particular law is going after. Last year everyone was buying assault weapons. That meant ... our [holster] sales were nothing compared to assault rifles.”
- “There is definitely stockpiling. People are afraid of being without and of spending more money.”
- “With the smelter closing and new rules about ammo stamping, people are buying up all the bullets they can. Right now 9mm ammo is going for $26 to $27 a box. If they go to copper or a copper-encased bullet, boxes of 9mm will cost $75.”
- “There have been no market share shifts. They are all in the game and all making money, especially the bullet manufacturers.”

Manufacturing, Orders and Inventory Trends
- “Most of our backorders are caught up. There have been no problems with backorders for about a half a year.”
The gun manufacturers are trying to shift operations to new locations that are in more gun-friendly states. That means many of them are breaking ties with the East Coast. ... The governor of Texas has said folks should come down there, so we will see a pickup in jobs in that state.

“We will see increased imports for lead, but in the gun world, people do not like stuff from China. My personal experience with overseas products is that they are less reliable and of lesser quality. You have more gun jamming problems. The quality standards are just not the same there.”

“Supply in 2014 will be weak for certain ammo calibers. The 9mm and .22 caliber are most popular for shooting small game. But other calibers won’t be a problem.”

Average Shopping Basket/Order Size and Margin Trends

- N/A

2. Owner of a large firearm dealer/retail store in California; repeat source

The firearm and ammunition industry will continue to show strength in 2014, but sales growth will be more subdued than in 2013. This source expects a 10% to 20% sales increase in 2014. January sales doubled year to year, but the comparison is skewed because the store is new. Legislation likely will not affect sales. Orders are steady. Order backlogs are no longer a problem, and some manufacturers/wholesalers have excess inventory but not enough to be worrisome. Market share among key players is steady, with growth tied to an expanded customer base.

Current and Future Sales and Market Share Trends

- “Sales have stayed steady between the first quarter of this year and the fourth quarter of 2013. Our numbers are still good, but sales are a little flatter than in the fourth quarter.”
- “We are still new and experiencing nascent growth, so even with the demand slowing, our sales for January 2014 versus January 2013 are still double. ... But I also know a lot of established places are still busy.”
- “I see continuing strength with some flattening for the overall industry. I don’t see any declines. It should be a steady year with ongoing strength, but we are not going to see the frenzied growth of 40% to 50% that we saw last year.”
- “Product is becoming more available. This time last year it was post-Sandy Hook and post-election; we had $500,000 worth of inventory, and it suddenly dropped to $50,000. There was no replacement product available. People started to pile up orders. But we were busy enough to handle the backlog.”
- “Everyone thought there would be national legislation. People bought up everything they could. There was a big federal debate over guns, and then everything died down in June.”
- “Because of legislation and news headlines, our customer base has expanded. It typically pushes people who were on the fence about buying a gun into becoming customers. Our female customer base has grown exponentially over the last year or two. I would say by at least 50%. The female customer has helped sales. These are new, first-time customers for us.”
- “Females are the biggest area of growth for us. We used to have women customers, but typically they were coming in with their husbands and their purchase was secondary. Now we see women every day; single women and especially younger women come in to make a purchase. It is huge for us because it’s a market that was previously untapped. I would say the female contribution to our customer base reflects a 20% to 30% increase in people we had not captured before. I’d say this group represents about 14% to 20% of our overall business.”
- “This time last year, people were taking projected orders for 2015 and 2016 based on the frenzied market conditions. Some thought it was going to continue. But some of that product is sitting on shelves and not selling. The market is getting really near saturation, but you also have to factor in that a lot was oversold and reordered.”
- “ATK [Alliant Techsystems Inc.] bought Savage Rifle in the middle of last year, and then they bought Bushnell in November. They are expanding into firearms. No one is losing market share, and everyone seems to be growing.”
- “The biometric legislation went nowhere. The ammunition stamping law stems from actions taken by [former California Governor] Arnold Schwarzenegger in 2007 for new firearms that would get approval. It required microengraving on ammo so that when you hit the head it would have the original stamped number on it. The laws
Guns and Ammunition

had a provision saying it would not take effect until the technology was commercially viable and available and that it was not encumbered by patent issues. The California Department of Justice put out a memo saying the microstamping technology was finally available and unburdened by patents, but it was a boldfaced lie. The technology does not exist, and firearm companies have supported that information with studies that show the technology is not yet viable. So there is a law, but it’s not enforceable and not followed.”

Manufacturing, Orders and Inventory Trends

- “Midterm elections will have some effect on sales, but it will be very localized.”

- “Just about everyone has caught up or is near to catching up on backorders. Stuff seems to be in stock [at manufacturers and suppliers] and ready to ship to distributors and retailers.”

- “There was some overproduction at manufacturers, but that was because of Sandy Hook. We were dealing with guys who suddenly were being asked to deliver and sell us 10 times more product. They were used to people ordering two units, and then suddenly they got orders for 10 units. That stuff is now piling up at the manufacturer level because there are dealers out there who can’t pay for it and so can’t take it. That’s when we have folks coming to us to see if we can take more and you also have some taking it and selling it at a lower cost. But it is very product-specific. This all stems from January 2013 when things were crazy and there seemed to be no settling down. Things slowed in the summer, and the situation started to hurt people by October, November [2013].

- “Lewis Machine & Tool makes AR-15s, which were under legislative attack last year. They projected orders for production to 2016, and now they are emailing dealers like me with what they have and it’s a lot.”

- “Product is still moving. There is still steady selling, but it’s slower and not as frenzied. We have a total reversal from what happened last year when we were constantly calling suppliers to get an ETA on this order or that order. Now they are calling us and asking us to take stuff.”

- “A couple of manufacturers have moved because of legislative restrictions. People have moved away from Connecticut and other areas in the Northeast because the laws have made it difficult to operate. Glock [GmbH] has continued its U.S. expansion in Georgia. But mostly we see capacity moving from one state to another, rather than seeing capacity additions. There isn’t a great deal of new capacity.”

- “Our orders January to January are tough to put a percent on. In January of 2014 we ordered $397,000 worth of stuff. In January 2013 we ordered $145,000 worth of stuff, but remember that’s when there wasn’t enough product available. The raw numbers appear to have doubled, but they are deceptive because we would have ordered more last year if we could have.”

- “We have gotten calls from manufacturers and distributors saying some other customer canceled and asking whether we want the order. Some people can’t pay, so they sell at a loss or cancel orders. That’s just for individual retail. I can’t speak to what’s happening at the chain stores.”

Average Shopping Basket/Order Size and Margin Trends

- “There is some hoarding by individuals for certain calibers. The .22 is hard to get, so if you go somewhere and there’s a good supply, one guy or even a wholesaler might buy up the whole thing in one transaction. The .22 is still cheap enough to enable hoarding.”

- “Typically, if you sell a handgun, you aim for selling an additional $100 in accessories. Realistically, you are more likely to see an additional $50 to $60 for ammo and a cleaning kit.”

- “When supplies are short, dealers/retailers do mark up. For me, markup is normally 20% to 30%, but when supplies are short you might see something more in the range of 70% to 120% markup on the gun and ammo. Right now, things are back to a normal level with some special items selling for less to move it.”

3. Senior VP for a national chain of gun stores

Handgun sales are up 10% compared with the fourth quarter but are flat year to year. Assault rifles are moving at the same pace, up almost 10% from the last quarter and on par with sales in January 2013. New products are driving much of the growth. This executive expects gun sales to flatten out by 2015 but for ammo demand to remain high given the
spike in gun sales since 2012. Ammo sales are up 10% compared with the fourth quarter but about the same year to year. Supplies are adequate. Political talk of gun control usually results in higher gun sales.

Current and Future Sales and Market Share Trends
- “Our handgun and rifle sales are up about 10% from last quarter. It’s about the same as a year ago.”
- “We are probably looking at a modest increase through the first half of the year, say 15% to 20%. I think we could hit a plateau by the end of the year.”
- “We expect ammunition sales to keep growing, if only to keep pace with new gun sales in the last two years.”
- “We haven’t seen normal sales in a while. There’s been tremendous sales growth in the last two years, but I don’t know if that can be sustained unless there’s a serious push for gun control or outlawing certain types of firearms. Sales will jump in advance of that.”
- “Rifle and handgun sales are about the same as last year at this time.”
- “[Sturm, Ruger & Co. /RGR] sales are doing well. They have a lot of new products, and they’re going after different market segments, like ladies. We sell a pink Ruger in our stores. Smith & Wesson [Holding Corp./SWHC] sales are good. They are a little higher-end.”
- “We carry most manufacturers’ products that are designed for ladies. Ruger makes a pink semi-auto. Sig Sauer [Inc., Charter Arms—they all have models for women shooters. There’s a lot of marketing in support of this, and the products are selling well.”
- “I haven’t really seen any shift in market share at the retail level.”
- “Election cycles always affect different parts of the economy. Whenever there’s talk of banning certain types of firearms or restricting gun ownership, the first thing people do is to buy more guns.”
- “It’s too early to predict the impact of ‘smart’ guns until there are more laws calling for them. Our biometric products are gun safes, storage systems, not the guns themselves.”

Manufacturing, Orders and Inventory Trends
- “We haven’t experienced any backorder issues.”
- “We are not going to order more product than we think we can sell.”
- “If there was any widespread hoarding of ammo, we would see it as a pretty big increase on sales reports, but sales are about the same as last January.”
- “We haven’t had a problem stocking our stores with ammunition.”

Average Shopping Basket/Order Size and Margin Trends
- “Beyond the gun purchase, I’d say accessories add between $100 to $150 to the purchase price.”
- “We set our pricing to be competitive. When demand rises, you’ll usually see prices rise with them across all retailers. I think our margins are sustainable.”

4. Sporting goods store owner in New Jersey; repeat source
Gun sales are returning to normal levels after a period of staggering growth spurred by the prospect of federal and state legislation. Handguns still are in high demand while interest in assault rifles has waned. The lack of ammunition and certain handguns is a barrier to future industry growth, and should remain problematic for several years to come.

Current and Future Sales and Market Share Trends
- “Sales are down more than 10% from last quarter and more than 30% from last year. The demand was unprecedented this time last year.”
- “Sales are down quite a bit from last year and last quarter. The demand and fear are no longer there. Sales are returning back to normal.”
- “Gun sales are most certainly flattening.”
- “I expect the first half of 2014 will be what it was two years ago, a normal thing. We’ve been in the gun business almost 70 years. It will return to normal.”
- “It’s still mostly handgun sales. Customers were buying a lot of those assault-type rifles in September. But it has started to die down, and now it’s
5. Gun shop owner in Wisconsin

With record levels set a year ago, gun sales at this shop have dropped 50% since last January. First-quarter sales are nearly the same as the previous quarter. Sales will surge in the fall in time for hunting season. Last January, this source’s sales were 80% long guns and 20% handguns; that ratio has since been reversed. Gun sales to women are up 30% since last January. Manufacturers have not caught up from last year; Ruger in particular is a year behind in its orders. The source ordered 150 guns from a show on Jan. 3 and received half of his order a month later. The other half is expected to arrive in increments through year’s end. New guns account for 80% of his sales, but used guns would sell more often if supply were available.

Current and Future Sales and Market Share Trends

- “Sales are down 50% from this time last year.”
- “Last January, there was a boom due to carry conceal laws being passed and Obama threatening to stop assault rifle sales after the school shootings.”
- “Sales compared to last quarter are about the same. We had a little surge for Christmas, but that ended after the holiday.”
- “This time last year assault rifles accounted for 80% of the business, and now they account for 10% to 20%.”
- “Since last January, we have seen a large increase in handgun sales. They were 20% of our business but now are 80% to 90% of our sales.”
- “Handguns and pistols are gaining share over long gun sales because more people are using shooting as a sport as opposed to going out and just hunting and shooting things.”
- “People are more into the skill of shooting. That is the trend because every class I hold on how to shoot is sold out.”
- “Compared to this time last year, sales to women are up by 30%.”
- “Gun sales drop off between April to September. Hunting seasons are over, and people either have their pistols for shooting ranges or they’re just busy with summer vacations.”
- “Ammunition will continue to be scarce this year, probably a little bit more so than last year.”

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*Ammunition supply is tight, but I try to keep a little of everything, especially for the folks who purchase guns from us. If someone comes in with a gun they got at [another retailer] and asks for ammo because [the other retailer] is sold out, I turn them away.*

*Gun Shop Owner, Wisconsin*
“Last year this time, I had no problem getting .22 caliber ammunition. I could fill my shelf 10 times over with one shipment. Now, when I place an order, I get a tenth of what I did last winter.”

“Ammunition supply is tight, but I try to keep a little of everything, especially for the folks who purchase guns from us. If someone comes in with a gun they got at [another retailer] and asks for ammo because [the other retailer] is sold out, I turn them away. If I sold all those people ammo, I would be sold out for the customers who are purchasing arms from me.”

“The big guys will have a gun for $50 cheaper than I am selling it. They are OK with making just $5 on the sale because for them, it is all about volume.”

**Manufacturing, Orders and Inventory Trends**
- “Manufacturers are slow to catch up after the incredible amount of guns sold last year.”
- “Guns are still hard to get because of all the demand for the last year.”
- “There is no concern with oversupply of guns. Guns sell.”
- “Ruger is still a year behind in production, and they cannot tell us when they will catch up.”
- “How it works is our supplier call us every day to tell us what guns they have, and then I decide what to purchase, if any.”
- “On Jan. 3, I ordered 150 guns at a show. A month later, I have received about 75 or half my order. The other 75 guns will trickle in throughout the year, and the order will probably not filled until the end of the year.”
- “Small guns are hard to get, especially the hot models like the Smith & Wesson Shield and Kel-Tec [CNC Inc.] PMR30. I could go on and on. For whatever reason, they are not making much of the smaller guns.”
- “I just found out that Ruger is emailing a deal to directly to consumers where they get buy-one-get-one-free on a gun that’s not selling very well, but they don’t offer me that deal. Now, I am getting customers calling me thinking I can and should offer the two-for-one deal. There is no way I can match that.”
- “The deal I get is I have to buy two $900 guns to get one free $300 gun. Now, if I could sell that free gun for $250, I make a little back but, still, how come the consumer get a better deal than I do as the retailer?”

**Average Shopping Basket/Order Size and Margin Trends**
- “Most people now are coming in and purchasing one handgun. And they get some ammo for it.”
- “It is easier for a criminal to throw away a $200 gun versus a $400 one, so that is why I won’t sell the low-cost guns.”
- “Eighty percent of the guns we sell are new because we can’t get our hands on used guns.”
- “People treat their guns better than they treat their children, and I’m serious about that. When used guns come in, they are in excellent shape and hard to keep in stock.”
- “We have a collection of vintage guns, and they don’t sell very often. But if we get a new-model used gun, it is out the door in one or two days.”

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**6. Owner of a local gun and supply store in Florida**

Sales are growing at an “exponential rate.” Inventory orders have increased 300% to 400% in the last three months to prepare for demand, and ammunition inventory is triple of this store’s revenue from last year. Politics and legislation are driving 85% of this store’s sales.

**Current and Future Sales and Market Share Trends**
- “We are growing at an exponential rate every day. Sales are climbing and have been. From 2007 to 2012 there was a 200% increase in sales, and from 2012 until now it has jumped to 400%.”
- “I am selling in one day what I used to sell in one week. Sales are not flat and have not been flat since last winter. In fact, they have tripled for us. There has not been a decline in the last five years. We have seen slow periods, but sales have remained strong and will continue.”
- “Nineteen percent of the state of Florida have a concealed weapons permit. There has been an influx of women getting permits and buying.”
- “Every time Obama opens his mouth, we sell more. I expect the recent legislation to drive more sales for sure. Eighty-five percent of our sales are directly related to what is going on politically. It has the potential to affect our business if tighter regulations are passed. Initially, it would cause a surge, but over time it could slow sales.”

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I am selling in one day what I used to sell in one week. Sales are not flat and have not been flat since last winter. In fact, they have tripled for us.

Owner, Local Gun & Supply Store
Florida
Guns and Ammunition

Manufacturing, Orders and Inventory Trends
- “All of my main manufacturers have increased volume, production, employees and facilities even; just to keep up with the demand. AcuSport [Corp.] just moved from a 1,000-square-foot warehouse to a 9,000-square-foot place.”
- “I have increased my inventory 300% to 400% over last year to meet demand. My ammunition orders are triple what the store’s yearly revenue was last year. I will sell it, no doubt.”
- “I do see a ton of backorders on particular calibers that are popular, but they get filled quickly and customers are willing to wait.”
- “Hoarding of ammo is happening. People are buying it and storing it. I used to sell 100 rounds [to a single customer] last year. Now that same customer is buying 1,000 rounds.”

Average Shopping Basket/Order Size and Margin Trends
- “The first-time handgun buyer adds on at least $200 to a gun purchase. The AR weapon buyer goes up to $3,000 in extras.”
- “Margins are staying close to the same as last year. They will stay the same as long as the demand stays high.”

2) Gun Store Managers and Employees
These seven sources said their stores’ sales have slowed since last year’s buying surge. Handgun sales now outperform longer guns. Although supply shortages continue— notably in .22 caliber ammunition—sources’ volume of backorders has eased or disappeared.

KEY SILO FINDINGS

Current and Future Sales and Market Share Trends
- All 7 sources said the retail market has slowed since the peak in 2013.
- 4 of 7 point to handguns as the strongest sector, in contrast with last year when legal-purchase assault weapons were more popular because of regulation threats.
- 4 sources said more women are shopping for and purchasing guns.

Manufacturing, Orders and Inventory Trends
- 6 of the 7 noted some ammunition shortage, most often citing .22 caliber. Still, only 1 said supply issues have affected gun sales.
- 5 of 7 said backorders are either nonexistent or have declined year to year.

Average Shopping Basket/Order Size and Margin Trends
- 6 of 7 said average purchase and profit margin are steady; 1 mentioned fewer accessory purchases.

1. Manager of a new and used gun shop and supply store in the Midwest; new source at repeat location
Sales of guns have slowed to normal levels. Sales of ARs were 20 times greater last January than this January. Meanwhile, sales of handguns have been more stable, with the smallest guns selling best. The election year could be good for sales,

Current and Future Sales and Market Share Trends
- “Sales have stabilized to what would be normal. Ninety percent of our customers are people who have bought from us before, and they will keep doing that. We had that spike because of first-time customers last winter. We are back to regular sales again.”
- “AR sales have dropped slightly since last quarter, consistent with a steady decline since the middle of last year. We sold three ARs in January, compared to four or five last quarter at this time, which was basically the month of October. We sold about 40 handguns so far in this quarter. That would be about the same as at this time last October. Ammo sales are about the same as in October. We still have almost nonexistent supply of .22 caliber ammo. We haven’t gotten .22 ammo for about six months.”
- “Obviously, our sales of ARs are down a ton from last year at this time, when everybody was buying them due to the school shooting and a possible assault rifle ban. We sold about 60 to 70 ARs last January compared to three this
January. Handgun sales are about the same as last January, except for the smaller guns, anything under 9 mm, like the Smith & Wesson Shield and Bodyguard.”

- “The number of female buyers is higher than a few years ago, but has leveled out in the past year. They buy the smaller handguns, so that has contributed to a sales increase somewhat.”
- “Ruger has increased its share somewhat, but that will probably level off because they have stopped taking orders.”
- “My expectations for this year compared to last year are not great. Last year we had the big first half. We won’t match that, unless there is another big event that scares people into another round of buying. But so many people have what they need already because they bought last year.”
- “The election will be good for sales if candidates talk about further controls. That could be a factor in helping us in 2014. Just having Obama in there is the best thing that can happen to gun sales.”

Manufacturing, Orders and Inventory Trends

- “We are getting fewer orders than last year, of course. The orders are about the same as last quarter.”
- “I have canceled a lot of my gun backorders because demand has dropped off so much. I will keep orders for people who have made them, but there is no need to get as many guns just for my own stock as I used to.”
- “There could be a gun oversupply from manufacturers.”
- “People are hanging on to their ammunition, if it is in demand, such as the .22 caliber. That has kept prices up.”
- “Ammo for AR-15 is very plentiful and cheap compared to year ago. A $60 magazine back then is $10 now.”

Average Shopping Basket/Order Size and Margin Trends

- “On average, customers spend about $50 to $100 on other items above the cost of a gun. That hasn’t changed.”
- “Profit margins have not changed a lot for us. They jumped for the manufacturer because the price went up with demand. We had to charge more, but our profit margin didn’t grow by the same percentage. The people who have taken a hit are guys who paid $1,700 or $1,800 for an AR a year ago. They only bring $1,000 now.”

2. Front end manager for a Georgia outdoor retailer, repeat source

Sales of assault rifles have increased by 4%. Special orders have risen with the release of the Glock 42 handgun. Most gun/ammo sales have reached a plateau. However, midterm elections will cause sales to increase if any mention of gun control or bans is made. The source cited no supply shortages and no fear of oversupply.

Current and Future Sales and Market Share Trends

- “Compared to last quarter we have had a slight increase in assault rifle sales maybe 4%.”
- “Again, compared to last year our sales up a little possibly 6%.”
- “Sales for the fourth quarter of 2013 and the first half of 2013 will remain the same. That is, unless the president mentions a ban on guns or types of ammo.”
- “The new normal in sales is there will remain a spike of sales for any ammo that customers can’t get.”
- “There haven’t been as many gun sales, so I think this trend will continue in that sales have reached a plateau. Or at least until there is an election or if someone mentions gun control.”
- “The growth of guns and ammo will continue. Some ammo manufacturers are running their factories 24/7. Also, manufacturers are moving out of states that are unfriendly to guns/ammo. Smith & Wesson just left Colorado for that very reason.”
- “I have a lot of female buyers, especially first-time female buyers. They started out about 7% of our sales and have increased to 27%. Women come in here all the time looking for protection and to take classes.”
“Companies that agree to biometric technology and ammo stamping will lose out on sales. That’s why Smith & Wesson and Glock don’t sell to Colorado anymore because they would lose sales. They also pulled out of California because of their strict gun regulations.”

Manufacturing, Orders and Inventory Trends
- “Orders are up compared to last quarter because of the new Glock 42 that just came out. We have a lot of special orders for that gun. So up maybe 10%.”
- “Compared to this time last year, orders have stayed the same.”
- “Backorder levels depend on the manufacturer. ... Smith & Wesson produces one type at a time—deer rifles during deer season, duck rifles during duck season. If a customer orders a deer rifle during duck hunting season then it’s going to take longer to get the order.”
- “I’m not worried about oversupply. If I can get it, I can sell it.”
- “There are rumors that the government is hoarding ammo, but I don’t believe it. Also, you do have the extreme customer that buys 1,000 bullets by the pallet, but that’s not the majority of customers.”
- “Manufacturers set their own prices, so the only problem I have in my sales is when I don’t have the ammo in stock.”

Average Shopping Basket/Order Size and Margin Trends
- “Usually there are four items: the gun, ammo, case and cleaning kit. The value over the price of the gun is around $100.”
- “AR, handguns and ammo are still low-profit margin items.”

3. Manager, gun shop and supply store in Kansas; new source at repeat location

Gun and ammo sales have evened out to more historic levels over the past few months because demand has decreased and backorders are being filled. Flat sales are expected for the year, but another shooting disaster could mean a new wave of buying interest.

Current and Future Sales and Market Share Trends
- “Sales have sort of returned to traditional levels. The first quarter last year was not typical.”
- “Fourth quarter last year came in about the same as prior quarter. The holiday period helped the fourth quarter. The first half of this year is hard to predict. If something happens again [like the Sandy Hook shootings], it will go crazy.”
- “I haven’t seen much change in AR sales this quarter compared to the last one. That has stabilized. Handgun sales are hurting a little because of the ammunition shortage in the .22 caliber rounds. People don’t buy guns if they can’t get the ammunition. I can’t put a percentage on it, but the handgun sales would be off slightly from last quarter.”
- “ARs are way down in sales from last year at this time when there was all the worry about taking them away from people. There are plenty of ARs now, and the prices have dropped a lot. People who bought at the high end last year have seen the values drop by two-thirds. Handguns are down somewhat, partly due to the ammunition issue. Same thing with ammunition. We still have no .22 caliber ammo. It’s also hard to get powder and casings for making the ammo.”
- “A flat sales trend is probably a good bet for the year, depending on events. Many people who wanted guns got them last year, so the demand won’t be as great.”
- “We haven’t seen the number of women buyers go up significantly in the past few months. We do offer conceal carry classes to women, taught by women.”
- “I’m not sure there are any major market share shifts going on. Ruger is growing a bit. The smaller manufacturers are making some gains. Smith & Wesson is still holding its own. It’s the name people think of.”
- “Campaigns and elections will bring up a lot of the issues again, but it hard to say how they will impact gun sales.”

Manufacturing, Orders and Inventory Trends
- “Our orders are trending similar to last quarter at this time. Orders have fallen significantly from last year at this time, for the reason we all know about. I can’t recite percentages.”
- “Backorders are not nearly what they were six months ago. I think the manufacturers have pretty well caught up.”
Guns and Ammunition

- “I don’t think there will be an oversupply. Manufacturers don’t want supply to exceed demand because that would lower prices and profits.”
- “Ammunition shortages are hurting certain gun sales, as I said. The guns with plenty of ammo are not being impacted.”

**Average Shopping Basket/Order Size and Margin Trends**
- “The extra items people buy with a gun vary a lot. Often they get hardly anything because the cost of the gun is expensive enough.”
- “The profit margins haven’t expanded for us, but they have for the manufacturers due to the demand.”

**4. Gun store sales associate and co-owner of a firearms training school in Wisconsin; new source at repeat location**

Sales are down 25% from last January but are stable now. Any new talk of legislation will spur an immediate increase in sales. Handguns have replaced long guns in comprising 80% to 90% of the store’s sales. The source has not sold a long gun since before Christmas. Sixty percent of sales are used guns, and 40% are new. Used gun sales would increase if supply were available. Even with the shortage in ammo, the shop has a sufficient inventory. Smith & Wesson sales are nearly even to Ruger, while Sig Sauer and Glock sell well too. She has not seen an increase in sales to women, but said more women are attending shooting classes.

**Current and Future Sales and Market Share Trends**
- “I cannot remember the last time I sold an assault rifle. I did not sell even one in January and none so far this month, but I did sell a few at Christmas.”
- “This past summer and a year ago, gun sales were strong. They have dropped off about 25% since this time last year. We have been pretty steady since the summer.”
- “Last January and summer 2013, it was all about assault rifles. We sold 80% long guns and 20% handguns.”
- “The ratio has flip-flopped from a year ago. We currently sell 80% handguns and 20% long guns; it could even be 90/10.”
- “When the government was talking about banning assault rifles, all that did was drive people’s paranoia and they went out and bought lots of guns. Now there are more assault rifles out there than there would have been had Obama not said anything about it.”
- “Due to the surge last year, everyone now has many of the guns they need or want. A gun is not a necessity. It is a toy for most, so it just depends on how many toys/guns a person wants at this point.”
- “When hunting season comes around again this year, we will start selling rifles again. That segment tends to pick up in late September and October as deer hunting season is mid-November.”
- “There is no normal with gun sales. It is always fluctuating, but whenever someone talks restriction or ban, it only increases current sales.”
- “We sell 60% used and 40% new. We would sell more used if we could get our hands on them. Customers simply prefer them because of their lower price.”
- “The top manufacturers and sellers for us are Smith & Wesson, Sig Sauer, Ruger and Glock.”
- “There is not a manufacturer we carry that does not sell. All the brands sell.”
- “At our store, Ruger’s share is about the same as Smith & Wesson. One brand does not selling exponentially higher than another. They are all pretty even.”
- “In our county, they are talking about outlawing silencers and suppressors. As it is now, you have to wait nine to 12 months to get one because they are so tightly regulated.”
- “The way it works is the sheriff has to sign off on the license for silencers and suppressors. He is saying after June, he won’t sign anymore licenses, so people will have to go outside our county to purchase.”
- “I am not seeing more women buying guns than a year ago, but what I am seeing is more women getting educated about their guns. My husband and I run a training school. Now, more than ever, women are taking classes to know how to operate their guns and protect themselves.”

**Manufacturing, Orders and Inventory Trends**
- “Like sales, our orders are down since January 2013. Demand was stronger then.”
- “Orders have not changed that much since last quarter.”
- “We don’t have anything on backorder right now. The demand is not so high that we are sold out of anything—even ammo.”
Guns and Ammunition

- “Like a year ago, ammo is still hard to get, and I don’t see it improving this year.”
- “Unlike [competing retailers], we don’t get our ammo exclusively from distributors. We used the Internet and other inventive, legal sources to buy ammo, so we have solid variety and ample supply. We have a guy that specifically deals with ammo.”

**Average Shopping Basket/Order Size and Margin Trends**
- “Customers typically purchase a few boxes of ammo with their gun purchase. We try to carry every kind of ammo so they don’t go anywhere else for it.”
- “Profit margins have not changed recently on new guns. On used guns, we don’t buy it unless we can make money, and it has to be priced sufficiently below the new price or else the customer will just buy new.”
- “If there’s a gun that someone paid $400 for new, I will pay them $150 for it in good used condition. Then we turn around and sell it for $300.”

5. Sales associate for a New Jersey firearms and accessory retail store; new source at repeat location

Firearm sales are down slightly from 2013. However, the higher number of female buyers, the popularity of sport shooting, and the increase in local crime are boosting sales this year. Barriers to growth include ammunition supply issues and backorders on popular handgun brands.

**Current and Future Sales and Market Share Trends**
- “Our numbers are up about 5% to 10%, maybe more, since last quarter.”
- “Last year, when everything went crazy, with the school shootings, Superstorm Sandy, and uncertainty about state and federal laws, sales were higher. It’s gone down slightly from where we were last year.”
- “I expect sales to steadily increase in the first half of 2014 with the uncertainty about local and federal laws. People also want their security.”
- “I couldn’t say what normal numbers are. I’m constantly moving stock. We’re probably moving anywhere from 10 to 20 guns per day on average. You have high and low days. The weekends are good to us.”
- “More and more people are getting into the sport of it. There’s a lot more exposure. There’s more pre-exposure now than there is anti-exposure. Unfortunately, a lot of it has to do with the violence that’s been occurring, especially in [New Jersey]. But that’s helping sales. People want to protect themselves.”
- “Handguns are what everybody wants right now. Why? Because they are light and fun. ... People say it’s therapeutic.”
- “It’s an investment in so many different ways. A firearm is one of those investments that if you need money, you can go into a shop and trade it in.”
- “I had about 12 women get issued new gun permits after the mall shooting [at the Short Hills Mall, where a man recently was killed during a carjacking].”
- “Ten percent of the customers coming into the store every week are women, and that’s definitely up from months past. I had a woman come in here and tell me she had more fun coming here than shopping at Bloomingdale’s.”
- “The most popular brands are Smith & Wesson, Beretta [Fabbrica D’Armi Pietro Beretta S.p.A.], Sig Sauer, Glock and Ruger.”
- “Sig Sauer is taking more of the market. Glock is making leaps and bounds. They’re definitely coming out on top with a lot of their production. We had one of our guys go out to a show of theirs, and what they have planned is really impressive.”
- “Glock is going to be one of the top sellers. They make very low-maintenance pieces, and the gun is ready to go at a moment’s notice. With some firearms, you have to lubricate them and continue to maintain them.”
- “It could be plateauing. If you asked me last year if I had a Smith & Wesson revolver, I would have said no. Now I just got a shipment of their new revolvers and they’re great. They’re selling, but not like guns were selling last year and we didn’t have these then.”

**Manufacturing, Orders and Inventory Trends**
- “Orders are trending upward from last year. I couldn’t give you a percentage. Customers are constantly asking, ‘Can you get me this? Can you get me that?’”

Ten percent of the customers coming into the store every week are women, and that’s definitely up from months past.

Sales Associate, Firearms & Accessory Retail Store, New Jersey
Guns and Ammunition

- “Some manufacturers are catching up more than others. It really is whenever we get a delivery. They’re not talking to us.”
- “We’ve been having problems with backorders.”
- “The ammo shortage has been affecting us lot, especially for pistols and hunting firearms. But there are also shortages in specific types of pistols and brand names, especially Ruger revolvers. If I get them in, they go out so quickly.”

Average Shopping Basket/Order Size and Margin Trends

- “On average, people are buying one to five items. People are spending $300 to a couple thousand dollars.”
- “We don’t mark our guns up heavy like other distributors. We want the people to get a good value for the firearms we have in stock. I don’t like stock sitting.”

6. Hunting department manager for an outdoor recreation retailer in Florida

This source’s business is steady but is not expected to beat last year’s sales. The source has noticed an increase in handgun/personal defense weapon sales and a move to rimfire ammo, which is less expensive and easy to store and shoot. Manufacturers are keeping up with demand and have halved backorder times.

Current and Future Sales and Market Share Trends

- “Our sales are consistent with last year at this time. We haven’t experienced flattening; sales remain steady here. I expect 2014 to stay even with last year. People are getting their fill, and I think things are starting to trend back. It is hard to beat the quadrupling numbers in sales we experienced last year.”
- “Politics will affect our year. The tighter gun control gets, the more our sales surge. I don’t think it will be comparable to what we saw last winter, but it will drive sales of guns and ammo for a while more.”
- “Hand gun and personal defense weapon sales have jumped in the last six months, as have concealed weapon permits.”
- “We have seen an increase in women buyers. I would say it has doubled since last year.”
- “People are changing the type of ammo they are buying. They are moving to easy, cheaper ammo or rimfire. It is less expensive and easy to store.”

Manufacturing, Orders and Inventory Trends

- “All manufacturers are keeping up. Backorders used to take six to eight weeks; now they are at four to eight weeks, if at all. They all had to grow with the demand.”
- “Our ordering jumped last winter, and now we are well stocked. I wouldn’t say over or under.”

Average Shopping Basket/Order Size and Margin Trends

- “A beginner will bulk-purchase and buy the case, holster, accessories and ammo. This usually doubles the sale from $250 to $450. The veteran or enthusiast will just purchase the firearm.”
- “Prices have been steady since last year.”

7. Hunting department manager for an outdoor recreation retailer in Georgia

Sales are down over last year and orders are down by 30%. Gun sales have flattened but ammo continues to be a big. Sales have increased by 20% because of increased demand from female buyers. Currently, .22 caliber ammo is the hot item in the store. Midterm elections may increase sales if gun control becomes an issue, especially on the local level. Biometric technology and ammo stamping will cause manufacturers to lose sales.

Current and Future Sales and Market Share Trends

- “Our sales compared to last quarter have decreased.”
- “Sales compared to last year have gone down.”
- “Overall gun sales have flattened. The trend will continue because fear of loss has died away, if there is talk of more restrictions then sales will skyrocket again.”
“Sales as of late are returning to normal. Sales going up went hand-in-hand with election cycles. Both times Obama was elected, sales skyrocketed. Also, after the Newtown incident. Sales go up after anything that has people talking about gun control.”

“Expectations for the first half of this year are the same as they are now but a decrease from last year.”

“We have a lot of first-time female gun buyers. They are always in here looking for home protection. It’s increased our sales by 20%.”

“Explosive growth for gun and ammo manufacturers will return to normal as soon as firearms return to normal levels. Its ammo people are still lining up for or only return when they are out of ammo.”

“The midterm elections will definitely have an effect on sales but not as big as a presidential election would or it could if the local politicians bring up gun control.”

“Biometric technology and ammo stamping will have an impact if there is a serious threat for it to become reality. If people believe it will go through, every gun excluded from the technology will fly off the shelves in a matter of days.”

“Whoever gets product out is taking market share especially in the ammo area.”

Manufacturing, Orders and Inventory Trends

“We are more or less caught up with our orders. Some manufacturers aren’t able to fill orders timely, but it’s the ones that couldn’t get it to us very quickly. We are hearing 60 to 90 days to get firearms. Same manufacturers that always take a long time are still taking a long time. I don’t know about timeline for new capacity additions.”

“I don’t think there will ever be an issue with oversupply. Prices may flatten or it could bring it down a little to encourage purchases.”

“Orders are down by 20% compared to the fourth quarter as that’s our biggest sales time of the year.”

“Orders trending compared to last year is definitely down more like 30%.”

“In regard to the .22, everyone that comes in is ‘hoarding’ to an extent. Customers are stopping in more often, and even if they have ammo at home they are buying more. It’s mostly the .22 long rifle because it’s the hardest to get right now. ... The .22 is the cheapest ammo to shoot, and everyone has a .22 in some capacity. The .22 is also a low margin ammo for manufacturers, so they won’t turn a whole factory into just making .22 ammo. People get whatever they want price-wise. The market dictates price.”

“As a corporate store, we can’t gouge on prices. Our ammo has gone up about $1 a box. Indie stores can charge as much as people will pay. At a gun show they can get $18 to $20 for ammo, which is around twice what they could get it here for.”

Average Shopping Basket/Order Size and Margin Trends

“Probably 50% coming in to buy a gun will get a case for it and some ammo. New gun buyers increase the percentage because they need to have a gun case, ammo and cleaning kits. ... The total value is about $50 above the gun purchase.”

“Our profit margins haven’t expanded. The market sets the price. An indie can charge what they want, whereas corporate sets the price. Our current margin is sustainable, but not so with the independent stores. Since the rush is gone, they are back to normal levels or their price never went that high to begin with.”

3) Wholesalers

These three sources predict that 2014 sales will return to more traditional growth trends. Ammunition supply continues to be an issue, but gun suppliers are catching up with their backlogs. Profit margins did not vary significantly in 2013, and should remain similar this year.

KEY SILO FINDINGS

Current and Future Sales and Market Share Trends
- All 3 wholesale sources said growth peaked in 2013, and expect modest growth at best in 2014.
Guns and Ammunition

1 source said the strongest growth is in handguns. Another cited a marked increase in female gun buyers.

**Manufacturing, Orders and Inventory Trends**
- Ammunition is in short supply and is responsible for most outstanding backorders.

**Average Shopping Basket/Order Size and Margin Trends**
- 1 source notes a drop in order size, while all 3 expect margins similar to the past.

1. Sales manager of a firearm, ammunition and accessory wholesaler/distributor; repeat source

2013 was such an anomaly that its sales numbers have been set aside. Instead, this source’s projections for 2014 are compared with 2012 numbers. That said, growth will continue but at a slower pace, with overall sales for 2014 expected to increase 10% to 12% over 2012. Backlogs for firearms are caught up, and ammo backlogs are beginning to ease. Still, shortages remain for .22 and .380 caliber ammo. Product trends include a sales uptick for handguns over long guns. Demand and sales of Class 3 guns/products have escalated by 40%, despite the rigorous requirements to buy Class 3 items. The category is driven by demand for Class 3 silencers, a segment dominated by Freedom Group’s (Cerberus Capital Management) Advanced Armament Corp.

**Current and Future Sales and Market Share Trends**
- "We have to take 2013 sales and orders and put them aside. It was an odd year. We are basing our status and buying by looking at 2012 in terms of what to purchase or what to expect. In the first quarter we expect a 10% increase in sales compared with the first quarter of 2012. We are expecting a 10% to 12% increase in sales for 2014 overall [compared with 2012]."
- "We’ve started to see an increase in sales this quarter. January 2014 is up about 10% over December 2013. Dealers have moved through their excess inventory of firearms and accessories [excluding ammo]. Everyone was stocked up in the fourth quarter, and people had the brakes on buying. But all of the buying shows occur in the first quarter, so buyers have money saved up."
- "Ammo is a tougher subject. Sales run hot and cold. Plus, there is an end to what people will pay for ammo. The .22 caliber is the most talked about and in most demand although we have yet to receive a lot of .22s. The .380 and the .22 are still hard to get."
- "Our average orders have decreased. Our customers’ average order is now about $2,000 a buy with four to six units. In 2013, the average order was for $4,000 to $6,000 with 13 to 20 line item units. So we have seen an average decrease of about $2,200."
- "All of the media attention to the industry broadened the scope of the traditional consumer base. The average income of a gun buyer has been $40,000. But with the media it’s like having free advertising and it has had an increased influence on the consumers with more purchasing ability. We are seeing more gun buyers with $100,000 to $150,000 incomes, and that’s driving the sale of higher-end guns."
- "It is hard to see numbers of females coming into the consumer base from the wholesale end. Females are not exactly new to buying, but the customer base continues to get larger. We do see more firearms that cater to females. We are seeing more firearms in pink and lavender. ... We normally can’t keep these new models in stock during hunting season, but we just got more of these units in. ... They all sold through."
- "I see no shifts in market share. The No. 1 selling handgun company is Glock. Glock has 60% of the world’s law enforcement business. In the U.S., there is competition between Glock, Ruger, and Smith & Wesson."
- "ATK, which is a huge ammo conglomerate, bought Savage Arms, so they are getting into firearms, which is new for them. ATK is tough to deal with for the smaller wholesalers/distributors. They have a good line and we buy some of their lines, but it is very evident they don’t want to deal with the smaller guys.”
- “Olin [Corp./OLN] is Winchester and Browning [with FN Herstal]. Winchester, which makes a line of classic hunting rifles and whose name is synonymous with America, has had issues with manufacturing, which they moved to China. They’ve had all kinds of problems. They will introduce a model and say it will be available in the third quarter, but then you never see it.”
- “We also are seeing a huge increase in Class 3 items. Class 3s are the short barrel shotguns, machine guns and silencers. I would say there’s been a 40% increase in the popularity of Class 3, especially for silencers. Silencers were taboo 10 years ago. If you bought one, you were a James Bond type. Now silencers are seen as a safety feature or a good way to control noise. I have brought on three new lines of silencers. Advance Armament is the biggest in
Guns and Ammunition

silencers. They are part of the Freedom Group, which is owned and operated by Cerberus Capital. They have the most market share in silencers.”

- “But Class 3s are harder for an individual to obtain. You have to apply to the ATF through an application for a license. You have to be interviewed by the sheriff. You pay an extra tax, which adds about $200 to the normal price of the unit. It’s a pain. It takes time. From the point of manufacture to the consumer actually making application and getting a license to apply and getting a registered serial number, it can take up to a year. Plus, the NFA, which is a small branch of ATF, handles the registration and serial number transfer record, and they are totally backlogged because of all the requests for new silencers.”

- “California is the only state to make any noise about microstamping. Some manufacturers like Smith & Wesson and Ruger have already said they are not going to do it, which means they won’t be able to sell in California. They will lose share to someone, but no one has stepped up yet. I believe the technology does exist now, but they have said they won’t design product to meet the requirement. The other manufacturers have not announced yet, so I don’t know if anyone else will pull out.”

Manufacturing, Orders and Inventory Trends

- “Manufacturers are caught up on firearm backlogs. With ammo, I have the sense they are starting to get caught up.”

- “There is still a lot of false ordering. People will order 1,000 cases, but they are hoping to get at least 300. Manufacturers may up their allocations, but there is always concern about false orders. No one wants to get stuck with product.”

- “For wholesalers, cutting orders is not an option. The manufacturers have expectations and require that you give them particular purchase orders, although there is always a wink-wink and a nod-nod that if the tides turn, you can get out of it.”

- “Our average orders have decreased. Our [per]-customer average order is now about $2,000 a buy, with four to six units. In 2013, the average order was for $4,000 to $6,000 with 13 to 20 line item units, so we have seen an average decrease of about $2,200.”

- “Order mix appears to be different this year. Typically we saw orders on the low end for firearms and now we are seeing orders for higher end products. It’s not often you see a $4,000 firearm, and when you get one in you wonder if it will sell. We got ten $4,000 guns in, and they are all gone.”

- “Long guns were in the forefront in 2013 because of legislation. We will see an increase in handgun sales in 2014. Right now handgun orders and sales are far more prevalent than long guns.”

- “I am told that major manufacturers plan to open new facilities and add some new machines, but I have not seen it yet. [Freedom Group’s] Remington and [Olin’s] Winchester are supposedly adding new facilities, but I have not seen any changes as a result.”

- “There is some consumer hoarding and some dealer hoarding. If there is a bullet now going for 10¢ and you know it’s going to go up to $1 a unit, then you buy it. Certain calibers are hard to find, and so you up the price. Then a week later nobody wants it and you’re sitting on ammo that you paid too much for.”

Average Shopping Basket/Order Size and Margin Trends

- “Our margins are the same. Our average [wholesale] margin on ammo is 18%, and we typically keep that across the board because we don’t want to squeeze our customers. Retail margins are 30% to 40%, and retailers have no problem price gouging their customers. I can walk into a store and see a box that normally sells for $5 and now it’s selling for $19.99 a box. [Retailers] feel justified in that markup because it took so long to get the order.”

- “Firearm profit margins are lower over the last five years. They have no price protection. With some of the overbuying, distributors have gotten in trouble because they get stuck with inventory. That drives the price down.”

2. Manager of a firearm, ammunition, accessory wholesaler/distributor based in the Midwest

Firearm and ammunition sales will continue to grow and trend upward in 2014, but the rate and pace will be slower than in 2013 unless another gun-related tragedy occurs. The source expects sales to increase by 10% in 2014. Backorders have improved, but a supply/demand balance is not expected this year. Manufacturers are running at full capacity, so production levels will not generate oversupply. Legislation and midterm elections will not exert undue pressure on sales.
Guns and Ammunition

Current and Future Sales and Market Share Trends
- “We expect our sales to up in 2014, and I’d say a 10% increase is a good ballpark number. You can never really tell how sales are going to trend. But it is unfair to compare anything to 2013 because it would be deceptive. Sales are back on track and normal, although I can’t define normal. Up and down has become normal, but the growth line is still up.”
- “We will grow but more slowly than 2013. Projections also depend on how you want to grow. Do you want to grow rapidly, slowly or at an even pace? We are in the midst of discussing our growth strategy right now.”
- “Guns are a little like autos and car parts because you can decide to become the main distributor of a particular part or brand and go in one direction, or do it all. What seems to be selling might change. One year assault rifles are hot, and then handguns are hot.”
- “All of the main guys in the firearms industry are still at the top of their game. There are no big changes or shifts. They are all making money and they’re all growing.”

Manufacturing, Orders and Inventory Trends
- “Ammo and firearms are two different heads to the same beast. Backorders are still there but firearms are not as backlogged as ammo, and with ammo it depends on the caliber.”
- “It will take a while to catch up to demand for certain ammo and firearms because overall demand has grown. We will not get caught up for a while. I don’t see supply and demand catching up in 2014, but it depends on what you are marketing.”
- “If you are used to producing 1,000 widgets and suddenly you get an order for 100,000 widgets, you cannot go fast enough to meet the order or to delivery quickly. I am told by manufacturers that the machines are running flat out and at maximum capacity, so they can’t go any faster to meet demand. I’m told new capacity plans are in the hopper, but how fast can you build when you are starting from scratch and building a $4 million production line? You have to get the loads right, and you have to get people who know what they are doing. It doesn’t happen overnight.”
- “I don’t think oversupply is an issue. There are 330 million people in this country, and one in 12 people is a registered gun owner. You can’t make too much to supply existing customers, let alone all the new customers. Then there are cities that have gun ranges and are building more. That requires ammunition.”
- “I don’t know of anyone who has been hoarding. If there are some hoarders, they represent a very small percentage of what’s going on. Normally, people used to buy one box of ammo. They’d shoot it and buy another. Then when things started getting unpredictable, they would buy six boxes, shoot one or two and save the rest for next time. Now people think it’s just cheaper to buy a whole case, just in case they can’t get ammo later or in case the price jumps. That’s not exactly hoarding. It’s just a different way of doing things to avoid getting stuck without or to avoid paying more.”

Average Shopping Basket/Order Size and Margin Trends
- “I haven’t seen any unusual price increases on our side of things. I would say our prices go up about 5% a year.”

3. Manager of shooting and ammunition ordering for a firearms wholesaler

Taking the unusual growth of 2013 out of the picture, the source said sales are up 25% so far in 2014 compared with the same period in 2012. That means sales conditions have returned to normal. Ammunition remains in short supply and on backorder. Hoarding is not an issue. Customers in the source’s area buy guns and ammo out of necessity and to support a rugged, wilderness lifestyle. The female shooter has helped sales and expanded the consumer base, regionally and nationally.

Current and Future Sales and Market Share Trends
- “Consumer demand has diminished in part because the politicians and legislators have backed away. Business [in the industry] is not as good as it was in 2013, but it is still above average.”
- “Our normal sales year to year are about 25% greater than what was normal in the pre-2013 market. But last year was not normal, and sales were way over the 25% increase. I would say the new consumer base is up industrywide by 25% at least. There are a lot of new shooters in today’s market. But they are not hunters and shooting by
necessity. They are target shooters, home defense users and recreational hunters and sport enthusiasts. They consume way more ammunition than our customers.”

- “There definitely are more female shooters. … I’m not sure why, really. The first thing that comes to mind is the need or desire for defense. But if you go out to the ranges or hunting area, you realize a lot of them are new recreational shooters. The female shooter definitely helps sales along with the increasing number of recreational shoots.”
- “I would say gun sales are flat, and by ‘flat’ I mean back to normal. People are sitting on their wallets for a lot of things. There’s concern over the general economy. Typically when the economy is a concern, companies like Wal-Mart and McDonald’s do really well but even they are not doing too well.”

**Manufacturing, Orders and Inventory Trends**
- “There are tons of backorders on ammunition. Manufacturers have told us that it could be a year or two before they get caught up, and we deal with all of the major ammunition manufacturers. In truth, the whole supply chain has dried up, and our stocks are way down. No one is caught up. We work with eight to 10 ammunition vendors, plus a huge group of importers, and not a single one can get orders to us immediately.”
- “My understanding is that all of the manufacturers are working 24/7, with at least two shifts and seven days a week. They are already running full, so they can’t up production any more to compensate for shortages. Some have plans to expand capacity, but new capacity takes years to put in place. Some are adding buildings, and others are moving out of areas that are controlled by unions. I would guess many want to replace some of the ancient equipment but the banks are not big on lending to our industry when the growth might be a flash in the pan.”
- “I’m not worried about oversupply. People expand because they need to, and others grow incrementally. No one is going crazy.”
- “We are ordering more ammunition, but again it is hard to put a number to it because the order varies by the individual manufacturer and by caliber.”
- “We are ordering more cautiously because we are not sure where the economy is going and demand is down. I’d rather have too little product than too much.”
- “In our area, I don’t think there is much hoarding. Then again, if you go to five or six stores and none of them has the ammo you need, once you find a store with stock you might buy up more than normal or more than you intended, just to be safe. I don’t think people are buying up ammo and packing it away in their garage.”

**Average Shopping Basket/Order Size and Margin Trends**
- “We did not change our pricing this year. In the past, we got specials from the manufacturers and we passed those on to our customers. But there is no reason to offer discounts or deals if you can sell your product.”
- “Margins have increased in some areas of the business, but not here. At retail and on the Internet, people get better margins, and they squeeze consumers. Some dealers are buying up product and hoarding and then selling it on the Internet to get the better margin. But that is not the norm. The Internet prices are crazy. They are four to five times higher what you would expect to see in the stores—not necessarily on the firearm end, just on the ammo end.”

**4) Supply Chain**

These four sources expect sales to grow in 2014 but at more traditional levels than last year. The 2013 buying spree has led to continuing shortages in ammunition, though gun backorders have eased or been eliminated. One source citing a backlog blamed a shortage in gunpowder supply. No source noted any evidence of ammunition hoarding.

**KEY SILO FINDINGS**

**Current and Future Sales and Market Share Trends**
- All 4 sources expect 2014 to be “back to normal,” with sales up but not at 2013 levels.
- 2 of the 4 noted a sharp increase in female gun buyers.

**Manufacturing, Orders and Inventory Trends**
- Backlog depends on the product, with ammunition in shortest supply. The 1 source citing a backlog blamed scarce supply from gunpowder manufacturers.
Guns and Ammunition

- Sources have not noticed ammunition hoarding.

1. National sales manager for an OEM manufacturer of ammunition products; repeat source

The gun and ammunition industry will see continued strength in sales and orders in 2014, although the pace will not match the growth seen in 2013. The source said a more accurate and fair assessment of industry growth would come from a comparison with the same quarter in 2012. Based on that parameter, sales and orders are up 20%. Order backlogs for ammunition remain high, and manufacturers are already running at full capacity. Oversupply is a nonissue.

Current and Future Sales and Market Share Trends
- “Our sales are up from last quarter, but this also is our busiest quarter of the year so the comparison of this quarter to last quarter is not fair. We are up 50% quarter to quarter, but the increase is seasonal.”
- “Last year was an anomaly because of the election and Sandy Hook. It would be more telling to compare the first quarter of 2014 to the first quarter of 2012, because it was more of a normal year. With that fair comparison, we are up 20% year over year using 2012.”
- “We are really busy this year and expect to stay busy for the first half. But if you look at our business, this is typical. We do 60% of our business in the first half of the year and 40% in the last half of the year.”
- “There is a new normal with all of the new gun owners. The number of gun owners has exploded over the last several years. The normal customer base now is larger. With a lot more people buying guns, a lot more people are buying ammo, so it’s great for our sales. Some day it will reach a point of saturation, but I won’t look for that to happen until the last part of 2015 or 2016.”
- “There are no major market share shifts. No one is winning or losing. Everybody is up the same amount. No one has gained share or lost.”
- “The explosive growth last year was crazy. Things are still trending up, but we won’t see that kind of explosive growth this year.”
- “A lot of women are buying firearms. I’m really not sure why, but it helps our sales.”
- “I have no idea what affect the biometric technology and ammo stamping will have on gun sales. I’m not even sure if they have been instituted yet. They have been talking about these laws and restriction for years. It’s not a new issue, so I don’t see much of an effect.”

Manufacturing, Orders and Inventory Trends
- “It’s not really fair to compare orders to last year. We are down quite a bit from last year, but we understand what happened and why it happened. There were explosive and highly unusual sales and orders after the election and due to Sandy Hook. I would say orders dropped year over year about 20% to 30%, but if you compare orders to a more normal year like 2012, orders this quarter are up 20% from the same time in 2012.”
- “No one is cutting orders.”
- “There is still a very high backlog. People are trying to get caught up, but it’s happening slowly. For us, it’s because it’s the busiest time of year.”
- “Part of the backlog is due to a shortage of gunpowder. I can’t say for sure, but the earlier projected sales were not as high for last year. The gunpowder manufacturers did not make as much product. Then we got explosive growth. We use all of the major gunpowder manufacturers like Alliant, [General Dynamics Corp.’s/GD] St. Marks and Hodgdon. We use a little product from every one of them, and they all are a little short. I can’t say for sure whether the situation is due to a material shortage or a production shortage based on the earlier projections.”
- “Everyone is building more capacity and putting in more machinery. There is no timeline. No one has jumped in with both feet. Everyone continues to build their businesses slowly, adding machinery when they can. The capacity increases are incremental.”
- “All of the manufacturers are running at full capacity now, so I don’t think they are going to ramp up any more than they are now.”
- “There is no concern about oversupply. There won’t be a concern until we see more ammo on the shelves. Right now if you go into any big-box store or retailers, their store shelves are still pretty bare.”
Guns and Ammunition

- “I don’t know of any hoarding. We sell a lot to the government and government sales are the same year after year. I suppose there may be some individual hoarding, but I haven’t seen it.”
- “We have not raised our prices in any unusual way. Our prices are up about 5%, and that’s the typical increase. I don’t know of any manufacturers who are squeezing customers on pricing. But I can only speak to the manufacturing side. We sell 95% of our product to wholesalers, but I can’t say what wholesalers or retailers are doing on pricing. I only know people are complaining about the shortages.”

2. National sales manager for a firearm and ammunition manufacturer

Orders are up 20% for ammo and 30% for firearms compared with the fourth quarter, but this is due to seasonal conditions. The source anticipates continued growth through 2014 but more like 30%. He was unaware of ammo hoarding and said the cost of ammo manufacturing is up 5% year to year. Firearm sales typically increase with political debates regarding gun rights.

Current and Future Sales and Market Share Trends

- “Our ammunition orders are up 20% since the fourth quarter. Orders for handguns and rifles are up 30%. It’s typical in the early part of the year.”
- “We’re not certain there will be such a massive increase as last year was compared to 2012. Depending on how it goes through the second quarter, I’m comfortable with a 30% increase this year. It probably won’t be like the 50% growth we had last year.”
- “Handgun and long gun sales are going to peak before ammunition does. Demand for ammunition has just exploded with the big increases in gun ownership over the last few years.”
- “Our support products tend to move along with handguns and long guns. Dealers know they can usually sell a holster, an extra clip or two and extra boxes of ammunition on a new handgun sale.”
- “Orders for accessories will usually be in line with our gun sales, so we’ll probably see an increase in the 30% range.”
- “If you look at orders so far this year compared to January of last year, they’re down maybe 15%. Some of that is seasonal and some of it is a one-time thing.”
- “Handgun orders are higher than rifles. Industrywide, more women are buying guns. When they do, it’s usually a handgun.”
- “I don’t see any flattening in gun sales. New products drive a lot of sales growth, not just for us but for everyone in this industry.”
- “I don’t think anyone is gaining market share. In firearms manufacturing, we tend to rise and fall together.”
- “Almost every election involves gun rights to some degree. The louder the debate, the higher I think gun sales are going to be. After November will really be the proving point. Talking about gun rights and actually passing a law that limits those rights—those are two different things.”
- “The technology for stamping ammunition and building biometric handguns is expensive, so there’s resistance up and down the chain, from manufacturers to consumer retailers. There is also concern about whether the technology could be used against the gun owner. If a weapon can be shut off by someone else, it defeats the purpose of having a gun. I’ve seen handguns that only work with a wristwatch. The watch has a certain range and it sends a signal to the gun. It won’t fire if it’s out of range from the watch signal. There are a lot of things that could go wrong with a setup like that. I don’t think you’ll see too many law enforcement agencies who will want to try it out.”
- “My understanding is Smith & Wesson and Ruger are going to cut back in California because of a new law on stamping cartridges. The gun has to be equipped with a mechanism that stamps your cartridge with the gun’s serial number when you fire a round. The big concern here is the cost it adds to the price of the firearm.”
3. National sales manager for a firearms manufacturing company

This source oversees sales for the U.S. civilian and law enforcement markets. Orders for handguns and rifles are up approximately 15% since December. The company does not manufacture ammunition. Gun orders are not expected to increase as much as the company saw last year (close to 50% compared with 2012), but a year-to-year increase of 25% to 30% is not unrealistic in 2014. He has not heard anything about ammo hoarding. Midterm elections could affect gun orders and retail sales but on a state level.

Current and Future Sales and Market Share Trends
- “Handgun and rifle orders are up about 15% from the last quarter.”
- “I think we can produce at least 25% growth this year, maybe 30%. I don’t think it will be as strong as last year.”
- “Orders for accessories are up about 10%.”
- “Handgun orders are higher than rifles on the consumer side. With law enforcement, we’re seeing stronger interest in long guns.”
- “Gun sales will stay strong and grow this year, probably industrywide. Last year might have been a one-time deal, and we won’t see that again for a while.”
- “I can’t be sure who’s gaining market share right now. I don’t think Smith & Wesson is getting bigger. Or Ruger, since they’re basically giving up on California.”
- “If midterm elections influence gun sales, I think it’s only going to help sales. It’s more of a state-by-state issue. If you’ve got a congressman in a strong pro-gun state, it may not even be on the table. When people start to worry about a politician who wants gun control, that’s when you see gun sales start to go up.”
- “There definitely seems to be more female gun buyers. A lot of manufacturers are really catering to that, making lighter-weight handguns, fashion accessories like holsters in assorted colors, things like that.”
- “Biometric handguns are more expensive, but with any new technology the price comes down over time when you reach scale. I don’t think it’s going to be an issue in most states, much less nationally, until it becomes a law. It’s really moving faster in Europe than it is here.”
- “The only certain impact in California is Smith & Wesson and Ruger are going to lose sales there. Will a gun buyer think a smart gun is worth the price? If it starts moving in that direction across the country, I think sales of existing inventory will go up fast. In California, my understanding is that this would apply only to new gun sales. It has no effect on existing gun owners. I mean, no one will be required to surrender a handgun that doesn’t have a smart grip. It could turn into a mess. Are you no longer allowed to sell a used handgun?”

Manufacturing, Orders and Inventory Trends
- “We are on schedule with our production.”
- “We do everything we can to manage production. Wholesalers worry about sitting on too much inventory and I guess retailers too, but your ordering is based on demand you’re seeing walking through the door and other factors, like historic sales data. I don’t think inventory is going to be a problem for the gun industry.”

“Gun sales will stay strong and grow this year, probably industrywide. Last year might have been a one-time deal, and we won’t see that again for a while.”

National Sales Manager
Firearms Manufacturing Company
Guns and Ammunition

- “I have not heard anything about people hoarding ammunition, but it’s not a core part of our business. We work with ammo manufacturers, but I haven’t heard anyone say anything about stockpiling ammo.”

4. National sales manager for a U.S. firearms manufacturer

Orders are risen nearly 20% for handguns and 10% for rifles since the fourth quarter. The source’s company does not manufacture ammunition. She projects 30% growth this year, down from 45% last year. She was unaware of any ammunition hoarding. Political debates on gun ownership usually result in an increase in gun sales.

Current and Future Sales and Market Share Trends

- “Handgun orders are up almost 20% since the [fourth] quarter. Rifles are up about 10%.”
- “We’re hopeful that business will grow 30% this year. We had a big increase last year; it was about 45%. But I don’t know that demand will reach that level this year.”
- “Accessories are about 15% higher than the last quarter.”
- “We usually see an increase in orders for law enforcement closer to midyear. Most of the ordering right now is to fulfill dealers’ needs in the consumer market.”
- “I’ve read more women are buying guns. We don’t really cater to that market. We sell more to law enforcement.”
- “I don’t know if any company is gaining market share over another. There’s a lot of brand loyalty among gun owners. I think when sales are good, they’re good for everybody.”
- “When politicians start talking about gun control, that’s when people go out and buy more guns.”
- “Smart guns are expensive, and that will probably hold them back. We do not make any biometric firearms.”
- “I don’t know more than what I’ve read about smart guns in California, other than Ruger and Smith & Wesson aren’t going to sell there because of that.”

Manufacturing, Orders and Inventory Trends

- “We have about a 10-day turnaround on orders. We don’t have a backlog.”
- “I’m not aware of any concerns about oversupply. I think the people we deal with know what they need and what they can expect to sell. With law enforcement orders, there’s really no guesswork. They decide what they need and buy it.”
- “We don’t manufacture ammunition. I do talk to a lot of people, and no one has brought [hoarding] up.”

5) Industry Specialists

This source foresees slower growth in 2014 compared with 2013, but said midterm elections may improve the growth rate later in the year. Ammo supply issues, primarily for 22 or .380 caliber bullets, have led to some hoarding. Any corresponding capacity increase will be incremental. Industry profit margins are up 15% to 20% across all product categories.

KEY SILO FINDINGS

Current and Future Sales and Market Share Trends

- Sales are healthy, but will lag behind 2013 by 20% to 30%. Easier year-to-year comparisons and midterm elections may spur growth in the second half of 2014.
- With U.S. lead production halting, certain ammunition—especially .22 and .380 caliber bullets—is in high demand and low supply. Higher prices (due to importing) are on the horizon.

Manufacturing, Orders and Inventory Trends

- Backlogs will continue to be an issue because of increased demand and some hoarding.
- Oversupply is not a concern; any increase in capacity is incremental.

Average Shopping Basket/Order Size and Margin Trends
Guns and Ammunition

- The economy is hurting sales, especially in accessories.
- Profit margins have risen 15% to 20% across the board.

1. CEO of an arms education group, veteran firearm trainer for law enforcement and military; repeat source

Industry growth will continue but at a slower pace. Sales still are expected to increase in 2014 by 10% to 15%, and strength will continue to characterize the industry. Sales will be slow in the first quarter and then jump by at least 20% in the third quarter in advance of elections and the holidays. The sales trend is still moving up, at times dramatically and at other times at a slower pace, but remains positive thanks to the growing customer base. Also, politics, new laws and disasters will continue to trigger sales and hoarding, an ongoing issue for ammo supplies in certain areas and for certain bullet calibers. Shortages in ammo or firearms that are under political pressure will drive pricing.

Current and Future Sales and Market Share Trends

- “Gun sales last quarter, especially in December [2013], were down from earlier in the year. ... Sales year over year are projected to drop by as much as 20% to 30% [in 2014 compared with 2013]. People in gun shops tell me customers are trading up or trading in for different models rather than buying new ones outright. That means gun stores are gaining inventory from trade-ins but also releasing inventory, much like at a car dealer where you do not get the same value.”
- “Things will continue to go up, but it will be a slow climb for 2014. There won’t be much action in the first quarter. We’ll see a pick up late in the second quarter and the third quarter. We may see a 20% to 30% increase in sales in the third quarter because of the midterm elections.”
- “If you look at the U.S. overall, on average we may see an increase in 2014 of 10% to 15%.”
- “Some people I know had the best December [in 2012] ever, selling $300,000 in merchandise for that one month, and that’s better than they would normally do all year. This was just prior to the Safe Act. This year, people did well in December and yet year-over-year sales ... decreased by 35% to 40%.”
- “I would not say sales flattened in the last quarter. I would say they decreased in strength but that have not flattened. I don’t see tremendous growth in the first quarter of 2014, but growth will pick up starting in the fourth quarter.”
- “The long gun sales are not as good this years as last year. Handgun sales are expected to increase.”
- “New laws and politics always affect the sales numbers. When the anti-gun people sneeze, it affects what goes on in both sales and the manufacturing of product. The Safe Act imposed a limit on the size of magazines you could have for long guns or handguns, so that limits what you can buy and has an effect on sales. But it depends on the product. People were buying assault rifles in 2013, and there was some price gouging because of the new laws. For the bottom models of assault rifles you would normally get $800 to $1,000. Some people upped the price to $3,000.”
- “Certain types of ammo are hard to come by. The two rounds hardest to get are the .22 caliber long rifle and the .380 automatic small gun. The last smelter plant in the U.S. to produce lead is in the process of shutting down. Ammunition in some cases needs lead. When that last U.S. facility is taken out of the equation, the U.S. will have to rely on smelter in China. Importing will drive up the cost of ammo.”
- “The .22 caliber for the long rifle is one of the biggest sellers. I have friends with millions of boxes on order, so they can store it up and be prepared for hunting seals.”
- “A lot of .22 has lead as opposed to copper. When you look at all of the precious metals—and I consider both lead and copper to be in that category—you might want to put your money into lead. ... If you look at the precious metal in any bullets, many involve lead. About 40% to 45% of all ammo has some lead in it or a lead tip. That number goes up to 50% if you look at the bullets that have lead built within the jacketing. When lead bullets go off the shelf, you’ll see a price increase. Right now a box of 50 bullets of .22 caliber costs $4.99 but in some areas you’ll start to see that box going for $11 to $12.”
- “Market share may increase for the major players in the manufacturing of the .22, which is [ATK’s] CCI. Friends tell me they can’t keep Springfield Armory’s XDS and XDM models on the shelves, so that’s probably taking some share. Sturm and Ruger had a heck of a season last year and took some share. They also have taken off with a smaller gun made specifically for women with a conceal carry holder. They also make models in pink and purple. Glock will see an increase this year because they have expanding lines and facilities. The Glock 41 and 42 caused a stir at the Shot Show last month. Remington does well in long guns, and there’s talk [its] R-51 [pistol] coming out might take market share.”
“People are back to hoarding ammo in our region. ... In California, with the microstamping of new ammo and new guns supposedly kicking in, there has been all kinds of manufacturer resistance, and that has led to buying.”

Manufacturing, Orders and Inventory Trends

- “There are backorders all the time especially with the big manufacturers like Glock, Sturm, Ruger, Remington and Springfield Armory. Ammunition will continue to have the biggest backlogs. It’s been a mess out there with ammo because of the increased demand from an expanded customer base and some hoarding.”
- “I don’t see any new capacity coming in. A lot of them expand their machine capability with incremental capacity upgrades. But there is no concern for oversupply. Oversupply is not happening. Either production meets demand or there is a shortage, and people are trying to ramp it up and get product out the door.”
- “If product XYZ did not sell last year, you won’t order it this year. If it did sell, you order more.”

Average Shopping Basket/Order Size and Margin Trends

- “A lot of people were buying new guns for hunting season but without all the accessories. Fewer people are buying long guns. People are not buying holsters or other extras because they are concerned about the Affordable Care Act and health insurance coverage changes. They are not turning their money loose.”
- “If a certain caliber or model is scarce, prices do go up. If there is a new disaster like a hurricane or flood or there is a reported shortage or media coverage of a new ban or law, prices will go up. Others will lower the prices of guns not selling just to get rid of the inventory.”
- “Profit margins are up about 15% to 20% across the board on all product categories.”

Secondary Sources

The following six secondary sources centered on a push for alternative methods of gun safety, legislative gun safety desires, continued growth in gun and ammo sales, and women becoming the backbone of gun sales growth.

GUN SAFETY

The following two sources highlighted Smart Tech Challenges Foundation offering $1 million to a high-tech innovation to curb gun violence, and two women’s groups pushing to close loopholes in background checks in Oregon.

Jan. 28 SFGate article

The Smart Tech Challenges Foundation issued a $1 million challenge to any company that can create a high-tech invention to curb gun violence. Some of these innovations include a watch that will sync with and unlock a gun, tracking devices for guns, and fingerprint scanners.

- “A Silicon Valley group set its sights on gun safety Tuesday by issuing a $1 million challenge for high-tech inventions that curb gun violence.”
- “The Smart Tech Challenges Foundation will dole out cash and grants to fund innovations that help gun owners control who can access or shoot their firearms.”
- “Conway and other valley entrepreneurs, who formed the group in response to the 2012 mass shooting at Sandy Hook Elementary School in Connecticut, believe tech is the answer to one of the nation’s most divisive issues. They compared their open-ended contest to how seat belts spurred the creation of more car safety devices.”
- “‘Let’s use innovation to bring about gun safety,’ Conway said. ‘Let’s not rely on Washington.’ [T]he goal is to make sure guns can only be used by their rightful owners.”
- “Several companies in various stages of developing tech-centric gun controls attended the news conference, including Allied Biometrix of Laguna Beach (Orange County), which has a prototype that would prevent a weapon from firing unless it recognizes the owner’s signature grip.”
- “The German firm Armatix showed off a nonfiring model of its $1,399 handgun that shoots only when it’s near a $399 radio-frequency identification watch worn by the owner.”
Guns and Ammunition

- “We’ve invested over $100 million developing this technology and there’s nothing else like it on the market today,” said Belinda Padilla, president and CEO of Armatix USA, as she held one of the .22-caliber handguns. “I don’t believe in gun control. I believe in the right to bear arms and also the ability to provide safety to those people that want it.”
- “Yardarm Technologies of Capitola is initially aiming at a market of law enforcement agencies for its gun sensor device, which plugs into the back of a standard gun grip for a Glock 17 pistol. The device has an accelerometer, a magnetometer and a cellular transmitter, which work together to track the gun’s location. That could prove useful if it ever winds up in the hands of someone other than a police officer. It can also detect when an officer has drawn and fired the gun, and the trajectory of the shot.”
- “Ben Tomb, who is spending his own retirement funds trying to develop a gun locking station that uses fingerprint recognition technology, said he becomes an ‘outsider’ while explaining his innovation to people on either side of the gun control debate.”
- “San Francisco Police Chief Greg Suhr introduced the competition by saying he advocates stronger gun control laws. But in the absence of a clear solution to the political quagmire between Second Amendment rights proponents and gun control advocates, Suhr hopes tech companies can prevent unintended or unauthorized use of guns just as they’re working on locking down stolen cell phones.”
- “Omer Kiyani, founder of a Detroit company that is also making a fingerprint-recognizing gun lock, said his motivation stems from being shot in the face as a teenager.”

Jan. 28 guest column from The Daily Astorian
Two heads of women’s organizations against domestic and sexual violence are pushing to close loopholes in background checks that allow domestic abusers to obtain guns through Instagram and over the Internet.
- “Domestic and sexual violence remains a grim reality for too many Oregon women, causing physical and emotional scars that can last a lifetime. And when a firearm is added to the equation, people can lose their lives.”
- “As advocates, we work to reduce this violence through public education and services. The 2014 Oregon Legislature can help us take a major step to reduce this violence by eliminating the loopholes that let convicted abusers and those subject to a restraining order buy guns anonymously through the Internet or classified ads.”
- “The impact of firearms and domestic violence on Oregon women is very real. One in five homicides in Oregon is connected to domestic violence, with firearms being the predominant weapon used in these murders.”
- “We see these stories in the headlines regularly. This fall, a Gresham man under a restraining order shot and killed his estranged wife and kidnapped their 2-year old daughter. And in Turner, a convicted felon shot and killed his girlfriend and took her daughter hostage after police were called to a domestic incident.”
- “Neither of these men was legally permitted to own or purchase a gun. Yet loopholes in our background check system allow anyone to buy a gun with complete anonymity. Unlike at a licensed dealer or a gun show, sales of guns by private parties through Armslist.com or Instagram do not require a background check to screen if the buyer is a felon or subject to a restraining order.”
- “Background checks are a critical safeguard that work. Since 1998, the national background checks system has blocked the sale of more than 250,000 guns to domestic abusers. And studies have shown that states that require background checks on all handgun sales have a 38% lower rate of women being shot to death by their partner.”
- “Some have argued that the upcoming short session isn’t the time to change the law. To which we say, when is the right time? Every year we wait, more Oregon women die needlessly, murdered by domestic abusers with firearms.”
- “It is time for the Oregon Legislature to close the back door that lets guns end up in the hands of domestic abusers. It is time for the 2014 Oregon Legislature to close the background check loopholes for gun sales.”
- “Vanessa Timmons is executive director of the Oregon Coalition Against Domestic and Sexual Violence. Nancy Campbell Mead is president of the Central Oregon Coast chapter of the National Organization of Women.”

AMMUNITION AND GUN SALES
The following four sources showed that ammunition still is in demand and hard to come by in certain cases. Also, women now account for more of stores’ gun sales. A Texas police station suggested a gun as a Valentine’s Day gift for women.

Feb. 4 Aberdeen News article
Ammunition is still hard to come by. Retailers are trying to buy in bulk to keep shelves stocked and are limiting the number of boxes bought by customers. Ammo shortages are expected to last the next year or two.
“Many area residents agree that store shelves are short of certain types of ammunition—and have been for more than a year.”
“The explanations for the shortage differ. At a gun show over the weekend at the Ramkota Hotel, a couple of hunters said they believe ammo manufacturers are producing as much as they ever did.”
“The only shortage is on the shelves. People are still in panic mode, still buying stuff,’ said Dave Soehren of Appleton, Minn.”
“Gun sales and related activity took off more than a year ago, following the shootings at Sandy Hook Elementary School in Connecticut on Dec. 14, 2012.”
“After the Sandy Hook fatalities, federal officials started talking about gun control and other issues, said Hoffman, explaining whenever there is an increase in gun sales, there is an increase in ammo sales.”
“Some people at the Dakota Territory Gun Collectors Association attributed the shortage to hoarding by outdoorsmen. Others suggested that federal officials are working with some retailers to limit the amount of cartridges available to the public.”
“At SoDak Sports, the cartridge in shortest supply is the .22 long rifle. Usually, the policy is a brick per customer. The most common brick totals 500 rounds.”
“The shortage of .22 cartridges, which are used for handguns and rifles, doesn’t involve game hunting. Those weapons are commonly used in ‘plinking,’ the nickname for general target shooting. In addition to target practice and indoor leagues, they’re also used to shoot varmints and for trapping.”
“Cory Appl, the sporting goods manager of Ken’s Shell Express, said customers are also looking for .17 HMR, a rimfire rifle cartridge for the Hornady Magnum Rimfire, and .22 Magnum ammo. Ken’s hasn’t had any .22 Magnum cartridges in months, and it’s also been a while since the store has stocked .17 HMR, he said.”
“Five to 20 customers a day come in asking about .22 ammunition, Appl said. The last big load of .22 longs that Ken’s received—80 boxes—was in October. Those were gone in a day and a half, Appl said.”
“There’s also sometimes an issue holding on to .243 Winchester and .22-250 Remingtons, Appl said.”
“Many visit Dunham’s each week, looking for .22 long cartridges.”
“A lot of hunters come in on Tuesday while the delivery truck is unloading, said Sandra Murphy, one of the store’s managers.”
“Murphy said Dunham’s also sees strong demand for the .17 HMR, the .22-250 and the .243. The popularity of the latter was strong during hunting season because it’s a popular deer round, she said. A year ago, .223 Remington cartridges were hard to find, Murphy said.”
“In looking for ammo, lots of guys use the buddy system, Hoffman said. If they find the cartridges they want, they’ll pick some up for their friend.”
“Dunham’s also has limits on its ammo. Customers may buy four individual boxes, two case packs or one bulk pack. A case pack contains a certain number of boxes within one carton. A bulk pack consists of 200 or more rounds in a single box.”
“Buying in bigger volume helps,’ said Hoffman, adding that he thinks the ammo shortage will probably continue for another year or two.”

A lot of hunters come in on Tuesday while the delivery truck is unloading, said Sandra Murphy, one of the store’s managers.

Aberdeen News Article

Jan. 18 KSWO.com article
In 2013, 21 million background checks were conducted for gun sales, an all-time high. This push for firearms is not going to slow down during the year because more women are stepping forward to buy guns. Demand for gun safety courses also has increased.
“There were over 21 million background checks conducted for gun sales last year alone, and recently released statistics from the FBI on NICS background checks showing 2013 gun sales hit a new record high.”
“Sales soared throughout 2013, despite the relentless push for more gun control.”
“Talks of assault rifle bans, and more stringent background checks have pushed guns into the national spotlight. With the risk of bans some 21 million firearm background checks took place last year.”
“Store owner Keith Stewart believes it wasn’t just the talk of stricter gun laws that caused the record number.”
“Well, you know, in this part of Oklahoma we are seeing a spike in more crimes. I think people have decided if they can help it they are not going to be a victim,’ said Keith Stewart.”
"With the increase in gun sales, there has also been an increase in people taking conceal and carry classes. So many that his classed are full through the month of March."

"When I teach the classes their main concern is being a victim of a crime. They want to be prepared to save themselves and their family,” said Stewart.

"Also setting records is a new demographic of gun owners, women are the fastest growing group preparing to pull the trigger. ‘This past year, I would say probably 70% or more of our customers are women,’ said Taryn Stewart.”

“So far it seems like we are going to be set to do the same thing, gun sales haven’t slowed down any since the start of the new year. In fact these last couple of weeks I have seen it increase,” said Keith Stewart.”

"The overall number of guns sold could have been much higher than the number of background checks shows. Background checks are done on gun purchasers, and each purchaser can buy multiple guns.”

"With the increase in firearm sales, gun safety is essential for people of all ages before they get ready to pull the trigger. With the increase in sales it is even more important for children to know the importance of gun safety.”

Jan. 14 article from 8 News Now

Gun sales continue to soar as concerns of legislation fuel the fire. The increase in families doing target shooting and in women looking to protect themselves is aiding this growth.

"In the wake of recent gun violence, weapon sales are soaring. Manufacturers say gun enthusiasts are racing to buy firearms because they are concerned legislation could soon restrict their right to carry.”

"Right now, thousands of buyers are in Las Vegas for one of the country’s largest gun shows. The Shot Show started Tuesday and is expected to draw 67,000 people. It is only open to buyers, manufacturers and dealers.”

"Manufacturers say because of the big push for gun control, people aren’t just buying to protect themselves. Hunting and target shooting has increased significantly, creating literally thousands of buying options.”

"Buyers say the conceal-carry market is hot right now and so are specialized rifles.”

"Manufacturers say buyers like Hoffman and their families are fueling growing gun sales across the country.”

"I would see grandmothers and grandsons shooting competitively together. I would see fathers and daughters,” Mountie Mizer with Beretta USA Firearm Manufacturer said.”

"’Now, they’ve gotten into target shooting, and they buy more guns,’ Mark Thomas with German gun maker Walther said.”

"However, manufacturers say the push for gun control is causing firearm owners to buy more in case restrictions tighten.”

"In Colorado, we’ve had so many shootings that it really makes you realize that you’ve got to defend yourself,” Goldberg said. Her daughter-in-law, whose family owns a small gun store, agrees.”

"Goldberg says she is selling a growing number of guns to women. ‘They want to be able to have that ability to be able to carry and know what they’re doing with it,’ Goldberg said.”

"Laurel Smith with legendary gun manufacturer Smith & Wesson says women are gravitating to light, conceal-carry weapons. The models aren’t as intimidating as some of the larger firearms.”

"’They understand it is a responsibility to own a firearm and have a firearm in the home,’ Smith said. ‘When you can control your firearm a little bit better, you seem to have more confidence, and you really just enjoy the shooting experience a little bit better.’”

"Whether it is for protection or sport, gun manufacturers do not expect sales to drop anytime soon.”

Feb. 10 My Fox 8 article

The Rosenberg, TX, police department suggested giving women guns as Valentine’s Day gifts. One gun dealer offers pink and purple pistols, because he said 45% of his sales come from women.

"Is a gun the quickest way to a woman’s heart? A police department in Texas thinks so.”

"The Rosenberg Police Department posted on their Facebook encouraging men to give their women the gift of safety this Valentine’s Day.”

"Safety, in the form of a firearm.”
Guns and Ammunition

- “One gun dealer says woman make up about 45% of his sales. They even offer pink and purple pistols for the ladies.”
- “Gun experts said they can be good gifts but they do stress gun safety should be a top priority for new users.”
- “Rosenberg Police departments post ... received 2,097 likes, 352 comments, and 7,665 shares.”

Additional research by Carolyn Marshall, Steve Evans, Kevin Murphy, Tina Strasser, Cindy Elsberry, Erica Franklin and Greg Shillinglaw

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