



DALLAS—President Trump spoke to a cheering crowd at the National Rifle Association’s annual conference in May, saying gun owners had no stronger ally than the president and the Republican majority in Congress.

For gun makers, it turns out, this is a mixed blessing.

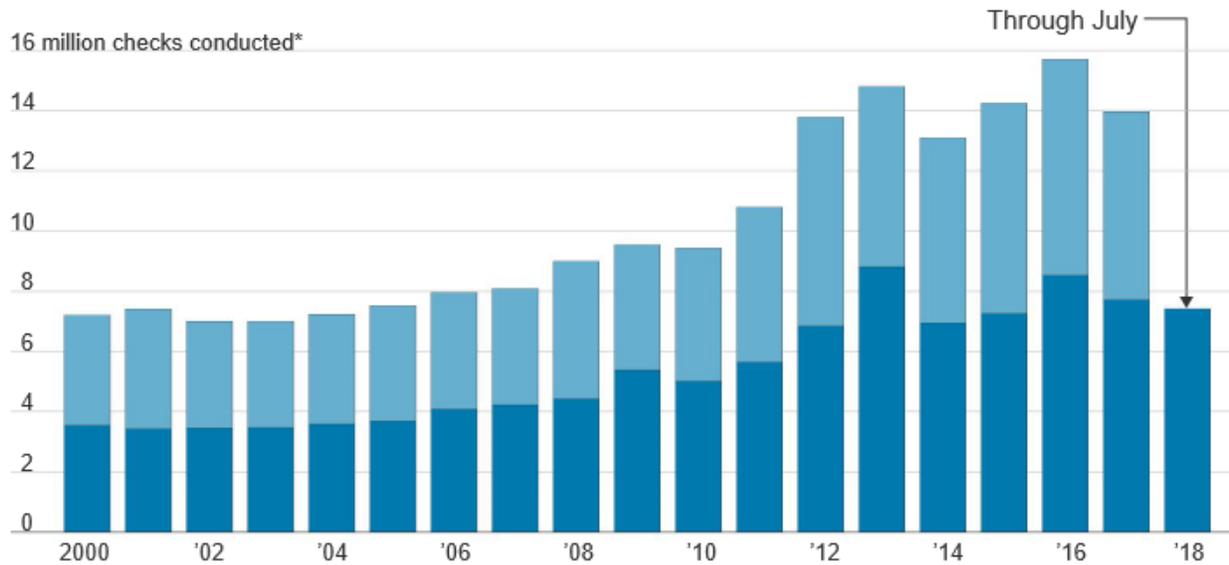
Since Mr. Trump’s 2016 victory, sales have slowed, particularly for the top-selling AR-15 semiautomatic rifle, so much that gun executives have termed it the “Trump slump.” An industry that capitalized on fear of gun control to drive sales during Democratic administrations is finding it is hard to turn out buyers when those concerns dissipate.

“Sales have normalized because you don’t have the fear-based market,” said Mark Eliason, vice president of sales and marketing at Windham Weaponry, a Maine gun maker.

### **Echoes of a Trump Slump**

Gun makers report a fall in sales since the election of President Donald Trump, which is reflected in declining requests for background checks by prospective gun buyers.

## National Instant Criminal Background Checks



\*Excludes checks for concealed weapons and others not related to gun purchases.

Source: National Shooting Sports Foundation

Mark Kresser, former chief executive of gun maker Taurus Holdings Inc., said the AR-15 boom probably won't return absent another political shift. "The shine is coming off the nickel," he said.

Smith & Wesson parent company American Outdoor Brands Corp. said falling demand for its AR-style rifles caused revenue from long guns to fall 50% to \$90 million for the year ended April 30, compared with the previous fiscal year.

Sturm, Ruger & Co. Inc. reported a 13.5% drop in firearms net sales for the first six months of the year compared with a year earlier. The company doesn't break down sales by type of firearms, but it sells AR-15-style rifles.

With no available industrywide sales data, background checks provide a rough measure of the decline in overall firearm sales. The checks fell 11% in 2017 from a record in 2016, according to an analysis of data from the Federal Bureau of Investigation by the National Shooting Sports Foundation, an industry group. That excludes checks for concealed weapons and other permits not related to gun purchases.



President Donald Trump speaks during the National Rifle Association conference in Dallas on May 4. PHOTO: PATRICK T. FALLON FOR THE WALL STREET JOURNAL

Remington Outdoor Co. filed for bankruptcy in March and emerged two months later. It is the oldest U.S. gun maker, founded in 1816, and makes AR-style rifles under its Bushmaster and DPMS Panther Arms brands.

Gun makers are now seeking to counter slumping sales of the rapid-fire weapon, which played a big part in reviving the U.S. gun industry. At the NRA's spring convention in Dallas, they offered new colors, sizes and models. Windham Weaponry offered two AR-style rifles in new calibers, one designed for hunting and another for long-range sharpshooting.

### **A slow start**

For decades, the AR-15 attracted little interest from gun owners, gun companies or gun-control advocates. Colt introduced the rifle to the civilian market in 1964 as the semiautomatic version of the M16 rifle used by the U.S. military. It was marketed as the "superb hunting partner," but sales never took off. Colt was the only maker of the model until it came off patent in 1977.



Randy Luth during the National Rifle Association conference in Dallas. PHOTO: PATRICK T. FALLON FOR THE WALL STREET JOURNAL

Randy Luth, founder of DPMS Panther Arms, said some traditional gun owners accustomed to bolt-action hunting rifles and shotguns shied away from the military-style weapon when he first began selling them in the early 1990s.

Legislative opposition to such rifles began after a 1989 schoolyard shooting in Stockton, Calif., where a gunman armed with a semiautomatic AK-47 killed five people and injured 32. President Bill Clinton signed the Federal Assault Weapons Ban in 1994 that restricted the manufacture of various types of semiautomatic guns and limited sales to older models.

The ban expired in 2004 and the industry quickly ramped up production: U.S. companies made one million AR-style rifles in the following four years, according to the shooting sports foundation's estimates.

The timing was fortuitous for gun makers. Thousands of American veterans who had used the military version of the rifle in Iraq and Afghanistan were returning home. "The Army was actually educating future customers," Mr. Luth said, about "the success and fun of an AR-15." He now runs a gun-parts company Luth-AR after selling DPMS in 2007.

The weapon’s design—lightweight and easy to shoot—broadened its appeal. Gun owners easily swapped out parts and added accessories. Fans called them Legos for adults.

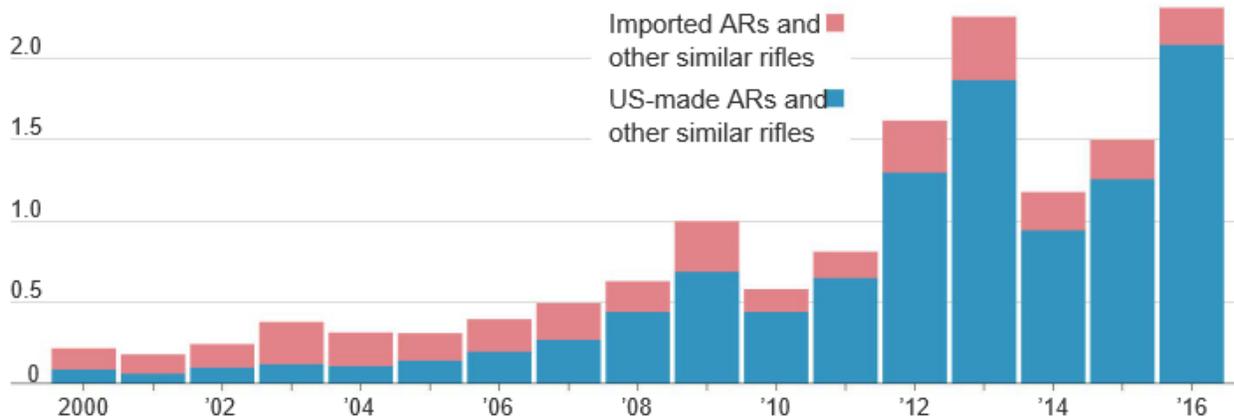
“There’s a ‘wannabe’ factor as well,” said Bill Silver, a former sales executive at Kalashnikov USA and former head of commercial sales at SIG Sauer. “People want to be a special-forces guy.”

More significantly, periodic government calls for restricting or banning the AR-15, which has been used in some of the deadliest mass killings, sparked waves of panic gun-buying during President Barack Obama’s two terms.

### Manufacturing Velocity

Number of AR-style rifles made for domestic sale

2.5 million



Source: National Shooting Sports Foundation

“Obama was the best AR-15 salesman there was,” said Chris Waltz, a 54-year-old gun dealer and Army veteran in Warner Robins, Ga.

Similarly, the prospect of a Hillary Clinton presidency drove sales in the months leading to the November 2016 presidential election.

Mark Westrom, former owner and CEO of AR-rifle maker Armalite, recalled the buyer panic after Mr. Obama called for an assault-weapons ban after the December 2012 killing of 20 children and six adults at the Sandy Hook Elementary School in Newtown, Conn., by a gunman with an AR-15-style rifle. The legislation failed.

“The structure of the market was massively expanded by various panics,” said Mr. Westrom, who ran Armalite from 1994 to 2013. He said the company ramped up production during these periods, carefully calculating their duration.

“This is an odd market that is stimulated by Democratic administrations,” Mr. Westrom said.

The “anxious buyer” was considered the largest group of potential first-time gun buyers, according to a 2017 marketing report produced by Southwick Associates Inc. for the shooting sports foundation.



Heather Luth Meyen, vice president of Luth-AR, at the National Rifle Association conference in Dallas. PHOTO: PATRICK T. FALLON FOR THE WALL STREET JOURNAL

“Drawing attention to the concern that firearm sales could be further restricted will have a great impact on Anxious Buyers,” the report said, citing AR-style weapons as “best bets” for these prospects.

Buyer demand pushed AR-style rifles from a niche product to more than a quarter of the \$10 billion U.S. firearm market last year, according to analysts. At least 143 companies, from small gun makers to publicly traded giants, make the rifles, according to the 2016 Shooter’s Bible Guide to AR-15s, more than double the number of manufacturers from five years earlier.

Companies made 9.3 million AR-style and similar rifles in the U.S. for domestic sales from 2009 through 2016, compared with 2.1 million in the previous 19 years, according to the shooting sports industry group.



Chris Waltz, of Georgia, in the inventory room of his company AR-15 Gun Owners of America.  
PHOTO: DUSTIN CHAMBERS FOR THE WALL STREET JOURNAL

Mr. Waltz, the Georgia veteran, wasn't planning to build a gun business when he began making his Facebook posts complaining about calls for an assault-rifle ban after the Sandy Hook killings.

He trademarked the name "AR-15 Gun Owners of America," and then set up an online store selling T-shirts and badges. Soon he started selling complete rifles, scopes, parts and ammunition. Business got so good he hired seven employees and bought a boat and RV.

Every time an official raised the idea of restricting sales of AR-15s, sales jumped. When Mr. Trump was elected, Mr. Waltz said, things changed: "There was a visible dip in sales. We saw it right away."

Mr. Waltz is a committed supporter of the president, and he keeps a signed photograph from Mr. Trump in his office. He sells T-shirts with an AR-15 and words in ancient Greek

that roughly translate to “come and take them,” a reference to the purported reply of a Spartan king when told to lay down his weapons before a larger Persian army.



Chris Waltz straightens his signed photo of President Trump. PHOTO: DUSTIN CHAMBERS FOR THE WALL STREET JOURNAL

### **'Make it fresh'**

Demands for stricter gun laws grew again this year after the fatal shooting of 17 people by a gunman with an AR-15-style rifle at a high school in Parkland, Fla. Democratic Sen. Dianne Feinstein, who introduced an assault weapons ban after the Las Vegas massacre last October, renewed her push after February's campus attack.

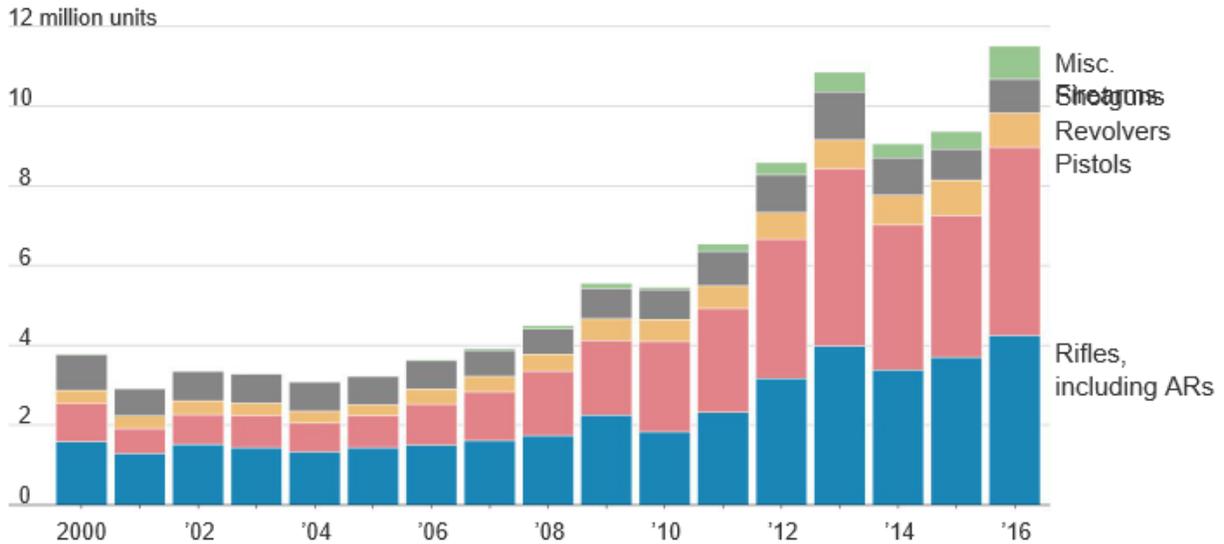
Unlike past years, the efforts haven't spurred a big spike in firearm sales.

Pierce Sweeney, a 32-year-old chiropractor in San Antonio, Texas, said calls for bans or restrictions at one time prompted gun owners to buy more. Now, he said, many people have grown numb to such news.

Mr. Sweeney owns two AR-15s and seven other guns that he and his wife use for shooting targets and feral pigs. If he buys a new firearm, Mr. Sweeney said, he will sell one he already owns.

## Heavily Armed

Output from U.S. manufacturers



Source: ATF

About 8% of all gun owners own 39% of the firearms in the U.S., according to a recent Harvard study. Many say they have enough for now, prompting gun makers to come up with new offerings.

At the NRA convention this spring, Springfield Armory introduced the sixth model in its two-year-old line of Saint AR-15-style rifles. The new “Saint AR-15 Pistol” is a black pistol with an arm brace that looks like an AR-15. “In any business, when it starts to slow down, people come out with new products,” said Steve McKelvain, president of Springfield Armory in Geneseo, Ill.

Palmetto State Armory showed off an AK-47-style rifle design that uses the same ammunition as an AR-15. “You’ve got to make it fresh because everyone’s already got an AR,” said Kris Vermillion, e-commerce content creator at the South Carolina-based manufacturer.



The Palmetto State Armory AK-47-style rifle, which can accept standard AR-15 magazines. PHOTO: PATRICK T. FALLON FOR THE WALL STREET JOURNAL

Springfield Armory has tried to appeal to younger and more diverse buyers. The company describes its AR-15s as “built for the free and independent” and “represents the next generation of America’s personal defense rifle.”

The company’s video has a hard-rock soundtrack and shows younger adults—men, women, white, African-American—firing the gun in slow motion.

“It appealed to a broader base,” said Mr. McKelvain, the Springfield president. “But you run a fine line alienating the hard-core types.”

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Appeared in the August 31, 2018, print edition as 'Gun Sales Suffer 'Trump Slump'.'