

MARKETING STRATEGIES FOR THE SMALL BREEDER by Charlie Hutton

In the new economy, where dot-com companies go public and declare bankruptcy - all before breakfast - it's more important every day for enterprises to develop a sound business plan. Before you can effectively market anything you must first identify your product, produce it at a reasonable cost and, finally, make buyers aware of what you have to sell. You must have a plan!

Many horse breeders seem to operate without much of a plan. That's understandable. Most breeders get involved because of personal satisfaction. Doing something you enjoy is important, but that doesn't always lead to a sound bottom line. Wanting to raise a few foals and sell them to good homes often leads to emotional decisions. Those decisions usually lead to a real dilemma - a field full of horses with no buyers coming up the driveway.

Identify your product

The most difficult horse to sell today is what experienced horsemen often refer to as a "tweener." A tweener is one with a mixed heritage - not enough bulk for halter and too much bulk and not enough athleticism to perform. Study the pedigrees of most mixed consignment sales, and you will be amazed at how many tweeners are offered in each catalog. The results are predictable - disappointed sellers whose horse failed to command a bid that met their production cost, and disappointed buyers who had hoped their bargain purchase would become more than a backyard pet.

At Hilldale Farm, we changed our product over the years. Previously, we focused on all-around horses so we emphasized versatility in our bloodstock selection, training and advertising. The plan met with some success, but we found that the prospects suited to a particular event sold the best.

Six years ago, we made our goal much more specific. We resolved to concentrate on raising performance horses specifically for reining and working cow horse. To make the plan work, we sold 36 of the 38 broodmares that grazed here 10 years ago.

The market for quality horses is very strong today, but most buyers have very specific criteria. Horses that are bred, built and prepared to do a specific job bring the top prices. Whether the event is cutting, reining, western pleasure, hunter under saddle, racing or halter, you must meet the buyer's strict requirements to make a good sale.

Pedigree

A pedigree seldom sells a horse, but usually determines whether the buyer is interested at all. In the past, a popular sire meant a good pedigree, but that's not necessarily true now. The bottom side of the pedigree can be even more important than the sire side. Here are the ingredients of a highly regarded pedigree in today's market:

1. The sire, proven as a performer and a producer
 2. The dam, proven as a performer or producer, or both
 3. Families established as producing champions in major events
- For the small breeder, acquiring bloodstock that meet these criteria is formidable and expensive. Some compromise is likely, unless you have deep pockets. A reasonable compromise might be to purchase a young mare that was not shown for some reason but has siblings with good records and a strong maternal family as well as a popular

sire.

Another sensible compromise would involve breeding to a young stallion whose get are too young to perform. If the stallion proves himself, you can be on the ground floor of his career and, often, at a very reasonable breeding fee. The owner of a young stallion just entering his breeding career will naturally be anxious to get foals on the ground and will often offer a discount to proven mares.

The "black type" pedigree system has long been a respected tool in selecting and marketing racehorses. Today, this system has spread to all segments of the industry. A black-type pedigree definitely attracts potential buyers, but attracting buyers is only the first step. Don't forget that the winning information presented in black type should be in a particular event.

However, certain "crossovers" in bloodlines considered desirable for an event are not only accepted, but can add to a pedigree's appeal. Proven cutting, or "cow blood," is a plus to reiner, cow horse, roping and team penning buyers. Close Thoroughbred ancestry is not only desirable in a race prospect, but also for hunter events and barrel racers. Proven pleasure families crossed on 17-plus-hand Thoroughbreds appeal as prospects for all-around horses and hunters. At auction barns, these are outcross pedigrees rather than simply "tweeners."

Conformation

Conformation - especially balance and structural correctness - is critical in your horses. Remember that your best prospective buyer will also be your most knowledgeable. Legitimate prospects for both competition and breeding must be properly conformed, so expect your product to be rigorously examined. Selection for a particular event will cause variances in the emphasis placed on certain conformational features. Reiners will pay careful attention to sound feet and legs and demand low hocks. Hunters will want more daylight under their horses, but size alone won't sell. The hunter prospect will be especially evaluated for length and slope of shoulder. As more buyers become aware of the manner in which conformation dictates movement, buyers in all disciplines will focus more on hindquarters that are designed for impulsion along with free-moving shoulders.

Beyond functional conformation, it's a lot easier to sell a horse that is not only correct, but pretty as well. In particular, a plain-headed horse must be really outstanding in order to overcome a bad first impression. Almost always, if you have to sell yourself on buying a mare, you will have to work even harder on selling her foals.

Color

It's easy to get sidetracked from your rational buying plan when color enters the picture. If your telephone call begins with all the basic qualities you need in a top mare and then ends with "and she must be black with four white stockings and a blaze" your chances of making the best buy are slim.

Still, that you are color conscious yourself means that your market will be affected by color also. Since about 80 percent of all Quarter Horses are registered as sorrel or chestnut, a red horse's color doesn't set it apart from the crowd. Still, color preferences tend to be different in different events. In the finals of one of the hunter under saddle futurities at the 2000 All American Quarter Horse Congress, only two of 16 horses in the finals were sorrel. In other classes, especially individual performance events, color does not seem to make much difference. Red is a preferred color for many halter exhibitors who feel that muscle definition is more visible on sorrels and chestnuts. I like to offer color variety in our foal crops so that buyers may suit their own fancy. Regardless, you should never sacrifice quality for color. In our own herd, we have to be somewhat color conscious since our senior stallion is a palomino. We can't use palomino or buckskin mares in his band without risking raising unregisterable cremello foals. Further, since we are keeping daughters of this stallion for future broodmares we had to again be color conscious

in choosing a junior sire. We chose a bay colt, who also met our standards for pedigree, conformation and ability.

The numbers game

Once your plan includes a specific goal - for instance to produce reining and reined cow horse prospects suitable for major futurities and aged events - there are more decisions to be made. The optimal size of your breeding operation is one of the biggest decisions. Most breeding operations get too big too soon.

Allowing your horse numbers to build too quickly usually results in a "welfare system" within the broodmare band. Profits from productive mares must be used to support the non-productive members of the herd. Also, your time and resources are spread too thin. Fewer horses can be better fed, better groomed, better trained and, thus, made far more marketable. Quality before quantity is always the best rule. By investing whatever capital you have available in fewer and better mares, your chances of success will be greatly increased.

Culling is the great divider between horse breeders and horse multipliers. Regardless of how carefully you select your breeding stock, some will fail. If a mare produces a disappointing foal, a small breeder often has the luxury of trying a cross on another stallion. If this doesn't work, it's almost always best to sell. A loss taken early is usually the smallest loss. Mares that are difficult breeders, hard keepers or poor mothers have to be truly exceptional producers to justify the extra care and expense they require. Finally, mares with bad dispositions tend to pass that along to their foals by genetics and by example. Those individuals need a new zip code.

Do I want to own a stallion? Whether or not to own a stallion is one of the biggest decisions you face in a small operation. Both the advantages and disadvantages of stallion ownership can seem compelling. If you have had bad experiences and excessive costs with mares you have sent away for breeding, you will certainly be tempted to keep your mares at home. You have more control by using your own stallion or purchasing shipped semen. If you have 10 mares or fewer you probably lack the facilities, expertise and help to properly stand a stallion. Promotion is usually an even bigger problem, and unless your stallion gains name recognition and respect through advertising and competition, his get will be hard to sell. Although most breeders enjoy raising foals by their own stallion, this is seldom the best course to follow. If you choose shipped semen, be prepared to pay for daily ultrasounds or send your mare to a receiving station.

Remember that purchasing a stallion service is far more than merely the purchase of semen. A part of a stallion's name and reputation and a part of the name and reputation of the stallion owner will be attached to your foal. This can work to great advantage for the small breeder. One marketing tip is to breed to a stallion whose reputation will bring results when you advertise in a classified ad.

Advertising

When you get ready to sell your product, decide how you're going to let buyers know what you have for sale. We try to make most of our sales by private treaty. A high percentage of the horses we sell are prospects - from weanlings to 3-year-olds. Very few of our sales are to local buyers, so advertising in national publications is a necessity. Although we use several media throughout the year, advertising monthly in The Quarter Horse Journal gets the most results. A few full-page, full-color display ads each year build name recognition for our horses and our farm. Relatively small black-and-white ads give us the most calls on specific horses for sale. Invariably, horses whose pictures appear in the buyer's guide ads get the most calls. We try to never use a photo, however, unless it makes a good impression of the true qualities of a particular horse.

For breeders whose market is very specific - such as racing - ads in specialized publications usually work

best. Some magazines now offer special sections for cutting, reining, cow horses and barrel racers so that both news stories and ads for each sport appear in their own section.

Where well-read local horse newspapers are available, take advantage of some low cost and potentially effective ads. Here again, you need to target your most likely prospective buyer. By keeping records of actual sales, logging telephone calls, video requests, etc. you can develop a "buyer profile" for your own farm. One very effective tool is to keep in touch with past buyers, using direct mail and personal contact to make them feel a part of your team.

One of the least expensive means of reaching buyers is through the use of handouts or brochures. Locally, these can be distributed to feed and tack stores, veterinary clinics, farm supply stores and local shows. The same strategy can be used on a national or regional level at conventions and major shows. The image, even the paper, needs to say "quality." Sponsorships are another way to build name recognition. Donated trophies for your county 4-H horse show can help people remember your farm. The same idea applies at a regional or national level.

Videos

If you work toward private sales, and your market goes beyond adjoining counties, you will have video requests. You might shudder, but these requests can result in a lot more than aggravation - like actual sales. Our experience in making and sending videos has been a real education. We have learned that every video request is important. By accepting that only one in 20 videos will result in a sale, we are no longer frustrated by those that become part of someone's video collection. The one that works, and you will never know which one, will more than pay for the rest.

A good video is easy to watch, honest and relatively short. A high percentage of the videos we receive fail all three of these tests. Because most of us watch TV, we are media conditioned. Our attention span is short, especially for commercials. Edit out the junk, but don't edit out every mistake, especially under saddle. For your babies, don't wait for a request. Look for a day with good light and make a master tape of all of the foals for sale. Give equal attention to the dams, and preview the master tape yourself before you decide whether or not it represents each horse to your satisfaction. Then, since you have chosen to send videos, invest in a VCR double deck player that allows you to make your own copies from the master tape. By phone, explain what footage you have, and invite a visit to your farm if the buyer would like more.

If you choose to respond to requests for videos, send them promptly. A prompt response, even if the video was volunteered, makes a statement. That statement speaks for your farm, and says that "we welcome your business." Some of the recipients will call back, even if it's two years later.

The horse auction

Auction sales represent an opportunity for a fair wholesale price for your product. Select sales, usually in a select market place, set records. But beyond that, sales always represent a chance to present your product before an audience of potential buyers. The bonus is that you know when you will receive a check.

The first secret to selling a horse at auction is in preparation. The second is placing the horse in the right auction. The right auction usually means that the sale is professionally conducted, with first class advertising, facilities and ring personnel. Behind the scenes, the sale must have a quality reputation. But the sale you selected for a particular horse should make your consignment rank among the bigger fishes in the pond. Look at past sale results, the specialty of the better horses offered, the consignment and sales fees, and move accordingly.

● Once you have taken a properly prepared horse to an auction, be prepared to accept the results. There are exceptions, but refusing the final bid is seldom profitable. Delaying a "reality check" usually results in an ultimate loss and a more profound educational experience.

Follow the plan

● Once you've developed the plan for your equine business, make sure you follow it. Your goals might change as your operation grows, but don't forget to continually monitor and update your business plan. You don't want to have the fastest selling stock one week, only to find out that you're next week's dead dot com.

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