The Big Picture:

Our New Horse Market

I’ve been watching this new horse market for some time, but so has Juli S. Thorson, contributing editor to Western Horseman magazine. Thorson has been critically observing and writing about the horse industry for more than 30 years. In addition to her positions as contributing editor and monthly columnist for Western Horseman, she has also served as the editor-in-chief for Horse & Rider , Appaloosa Journal, Ride With Bob Avila and other equine periodicals

The new worry in the horse industry, the over abundance of horses, can be traced to a number of changes taking place over time. One of these changes is the drastic demographic change. I was a sociology major in college and was fascinated by how demographic studies depict a population’s average size, age, education, income level and are often used to predict consumer markets.  The applicable theory cited regarding changes in the marketplace is the Age Wave theory, suggesting that an economic slowdown would occur when Boomers started retiring in 2007-2009. Unfortunately, this coincided with the Great Recession, creating the Age Wave Disaster theory.

 Some of the more obvious contributing factors to the changing horse market include:

POPULATION SHIFT: The massive demographic change the United States is experiencing has been caused by the aging of the ‘Baby Boom’ generation (1946-1964), allowing ‘Generation X’ (1965-1980) and Generation Y (loosely defined as those born from mid 70’s – early 2000’s) to become primary spenders. The Baby Boom generation was the largest population group in the US history, containing almost 80 million members. These ‘Baby Boomers’ are now between the ages of 46 and 64, approximately. As these men and women enter into the retirement era of their lives, they become less likely to spend the amount of money in the horse market as they did in their earlier years. Generation X, with only half the members as the Baby Boom generation, is becoming the bulk of the horse industry, greatly reducing the number of potential horse owners.

POPULAR CULTURE CHANGES: There are cultural specifics about the Boomers that made them the perfect profile for a horse-loving, horse-owning generation. For starters, culturally, after WWII, television came into its own. The programming was wholesome, but also action-packed and horse oriented. Remember *Fury*? *My Friend Flicka*? *National Velve*t? Disney’s *Wonderful World of Color* produced comedies and dramas, often with a horse or dog as the central character. These programs were aimed at a young audience. Then there was adult/family hour TV featuring *Bonanza*, *The Virginian*, *Have Gun, Will Travel*, *The Virginian* and so on. At the movie theater, the Duke, atop a horse, ruled. Collectively this gave a generation an introduction daily to horses and life with horses, even if you didn’t have a horse.

ECONOMIC CHANGES: Another important social shift was an extended era of prosperity. After WWII and into the 50’s, 60’s, 70’s, 80’s, Americans were on the fast track with access to home ownership, two cars in the garage, vacations, and more disposable income than ever before. They could now afford that horse they had always wanted, a hobby farm or means to board. Boarding barns and lesson programs proliferated.

THE WOMEN’S MOVEMENT: Add to that another major social shift – the women’s movement. Women, in record numbers found fulfillment in the workplace and were the recipient of their own income, and as a result, added independence. Women became (and still are) a major percentage of new horse owners. We saw a pattern of women raising the children, and then in middle age deciding to buy that first horse-something they had wanted since childhood. The difference is, they could now afford it and made the purchasing decision without having to get the consent of the head of the household. They became hyper-consumers of equine products, apparel and equipment.

LAND USE CHANGES: In 1960, the United States officially flipped from a rural society to an urban society. We have seen the rapid fire loss of open land to development. Equine Land Conservation Resource cites the amount of open land loss at 4.25 acres per minute. Loss of land has meant loss of boarding facilities, competition venues, hay and grain production acreage and pasture. The land squeeze has had an immense impact on the cost of horse keeping.

PSYCHOGRAPHY: Another reason the horse market has been allowed to increase 2.3 million horses over the past ten years is the psychographic changes that have occurred in the United States throughout the same time period. Psychography is the study of attitudes, beliefs and opinions within a population. Thorson pointed out a drastic psychographic point in the horse world: equine slaughter.

Equine slaughter was once accepted and regarded as a fact of agricultural life. Most people overlooked the issue as ‘something that doesn’t affect me.’ Slaughter has recently and increasingly become viewed as an unacceptable practice, not just by non-horse people, but by horse owners as well. Although slaughter was a fact of life in the past, the fact is that most Americans (almost 70%) today do not want equine slaughter.

TECHNOLOGY CHANGES: Not only demographic affected today’s horse industry, technology also has had a large impact with innovations like cooled transported semen, frozen semen, embryo transfer and the escalated importance of online databases. These changes have leveled the information and gene-pool playing fields, completely changing the game of the horse market.

A prime example is shipped semen. Shipped semen has taken the equine breeding world by storm, and the market will never go back. The same thing has happened with embryo transfer. These technological changes are providing ways for breeders to attempt to produce the best individual horse possible. It would be impossible to turn a blind eye and take a step backward.

Although these changes have made a huge impact on the horse market, there are two technographic changes that are pushing the industry forward the most: communication technology and database technology have changed the horse world forever.

“There are a number of people that now buy off the computer screen only. The first time they see their new horse will be when it backs off the shipper’s trailer at their house,” Thorson said. “The same thing goes with breeding. The Internet is like a stallion shopping catalog.

Fast forward to the present. It is no surprise to anyone that the horse market is generally depressed, although there are here are still pockets of equine commerce at the higher end. It seems that anytime horse people get together, the conversation goes toward the poor quality of the horse markets, the economy in general, and, in particular, the unwanted horse, a term that is a misnomer. The unwanted horse is not necessarily unwanted, but the economy coupled with the changing horse market has made a mess with too many horses - actually about 2 million too many from a national perspective.

Although it may seem like the market has headed downhill very recently, in reality it has been a gradual change. The generations have been going through a ‘changing of the guard’ for years, causing small changes in the market each year. In the past, however, horse owners have adapted to the changes without realizing the cumulative effect. The wake up call, the crashed economy, was a rude awakening for those who had been napping on the job.

According to Thorseon, “I don’t think we’re at the bottom out point in the horse market,” I think we’re just at the tip of the iceberg. This is not to say the horse market is going to go away, but it is going to change. My goal isn’t to scare people from staying involved in the horse market, my goal is to be able to give people some forecasting tools to allow them to make necessary adjustments to their programs without being naïve.

“It is not a matter of whether the glass is half empty or half full anymore; it’s a matter of realizing that there is a completely different glass and we all need to adapt our programs to match.”

The first adaptation Thorson recommends is to cut back breeding. The American Quarter Horse Association (AQHA) produces more horses than any other known breed entity. In the American Horse Council (AHC) census, AQHA new horse registrations were up 54 percent between 1995 and 2005. That’s fifty four percent. AQHA transfers of ownership, on the other hand, were only up seven percent. There is an abundance of horses being bred into an industry that lacks a market to purchase them. The AHC census also showed that while the number of horses being produced since 1996 has increased by 2.3 million, the number of horse owners has only increased by 100,000.

Common sense says that breeders produce fewer horses each year and invest more time in the training of the horses they do produce. “There is a glut of young, unbroke horses at a time where the marketplace is demanding the broke, steady horse,” Thorson said. The changing of demographics has caused the older, larger generation to typically desire a finished horse they can have fun with.

Unfortunately, today’s professional horsemen are living with a tax system that favors horse breeders, not trainers. Money that is spent for breeding purposes is rewarded back at a much higher percentage than money spent on training. Americans do not get nearly as much of a tax advantage when they buy a two-year-old, then train it and sell it as they would if they bred a broodmare and sold the baby.

Although breeders may get more of a tax advantage, Thorson does not recommend the continued amount of breeding the horse market has experienced in the past. In fact, Thorson recommends downsizing now. “If people are looking to downsize their herd in the future, this is the time to do it! The longer they wait, the worse it’s going to get. I see the prices continuing to go down,” Thorson said.

Actually, in the past 24 months, economic factors have pushed down breeding numbers both with the AQHA and the thoroughbred industry. It should have happened sooner, but now we have to continue to support reduced breeding both from professionals and backyard varieties. That doesn’t mean that all equine breeding should come to a halt, it just means that we don’t have that ready consumer market that has happily purchased horses for the past forty years.

Unfortunately, these changes are not only affecting the horse market. Other areas, such as automobile and real estate sales are also being hit by the generation change. Thorson has predicted that the rate of people spending money in general in the United States is going to head downhill drastically. The infrastructure of the entire country for the past 20 years has been built on meeting the needs of almost 80 million Baby Boomers. Soon, there will be 44 million people swimming in an infrastructure that is too large. Those who are prepared will be able to float.

Horses will survive. Horse ownership will survive. Horse sports will survive. But it will change, it has to.