

The Equine Economy in the 21st Century

Fragmentation, Aging Population Threaten Horse Industry's Health

By Stephanie Lawson

The horse industry is composed of thousands of fragments, operating independently, with no cohesive promotional body. Baby boomers, who will give up riding in the next several decades, represent a large number of riders. Soon, more people will quit riding than will start riding.

The industry has gotten a free ride for the last fifty years, from a demographic cohort that grew up near horses, encountered them daily through the media and had the economic wherewithal to pursue an equestrian lifestyle. All that has changed, say industry representatives who gathered in Kentucky in late April to focus on the economic future of the horse industry. The horse industry is poised to lose its base, yet has a long standing inability to effectively reach out to new members.

Fragmentation

Repeatedly speakers voiced concern over the industry's fragmentation, inability to communicate within itself or to share resources. The industry has been unable to effectively reach out to and educate novices. At the same time, no matter how diverse the groups, they all share the need to grow their segment of the industry, and face the same challenges of how to create new customers while cultivating the ones they already have.

In addition, the demographic cohort that owns horses is aging while younger, less populous generations have had far less childhood exposure to horses.

Horses Peaked at 20 Million

The number of horses in the US peaked at 20 million in the first decade of the 20th Century, said Richard Wilke, Director of the Equine Program at the University of Louisville. Racing was the country's predominant sport as it facilitated a supply of quality horses for use by the military. In 1917 hundreds of thousands of horses were shipped to Europe for use in World War I. In the 1920's and 30's, as the US faced economic hardship, betting on racing was legalized as a source of tax revenues.

World War II ended the use of horses by the military, and after the war, horses were dropped from the USDA census and research. By 1951 only a million horses remained in the US. Those were used in racing and circuses, for ranching and the amusement of the wealthy. Vet schools discouraged students from pursuing equine careers, he said.

But the horse did not disappear. Instead the trend moved in the opposite direction and the industry continued to grow. Between 1951 and 1959 the number of horses had doubled, from 1million to 2 million.

Westerns Dominate

Horses became a part of the American culture as westerns dominated network prime time. Gunsmoke was the number one network TV program in 1956, and every studio developed a western. By 1957 there were 25 westerns on TV, representing seven of the top ten programs, and the trend continued for 15 years.

As the industry continued to grow, showing became more specialized and offered opportunities for riders of all skill levels to compete. In the 1990's he said, team roping became the fastest growing equestrian sport by instituting a handicap system that allowed riders to be successful at a variety of levels. Similarly, barrel racing developed divisions so more people could win at more levels.

Growth Is Stalling

Today, he said, the US horse population stands at 9 million and a 50 year episode of growth is stalling. Cultural, economic and land use barriers are making horse ownership more difficult. Horses are more likely to be seen from afar and idealized, and far fewer people have ever met one.

Ten percent of the US population rides, said Steve Day of Dover Saddlery, and five percent once rode. That's a higher percentage than skiing (5%), or mountain biking (2%). In addition, 18% of the US population report in surveys that they would like to ride. The problems in the short term are the slowing economy, fuel prices and tightening of credit.

In the long term, Day said, the aging of the customer base is the main problem. The largest group of riders is traditionally ages 5 to 24, a population group that is much smaller than the baby boom generation. Between the ages of 55 and 65 virtually everyone stops riding. Soon more people will stop riding than will start riding.

More Exposure

Boomers were seven times more likely to be exposed to horses growing up than Generation Y members, said Martin Concannon of Lafayette Associates. With far fewer horses in the media than in the 50's, fewer kids aspire to riding. A US Forest Service survey, he reported, indicated a dramatic future drop in wilderness participation, foreshadowing less interest in funding federal parks and open space.

The middle class has declined, he said, making horse ownership more difficult. "The industry is focused on ownership," Concannon said, "when what's needed is a way to bring newcomers in that's divorced from having to own one."

Equestrian organizations "look like the United Nations," he said, as the largest five to ten of the about 100 to 150 in existence represent 50 to 60 percent of the horse population. The remaining organizations are highly fragmented and struggle with economic viability, which can generally be said to require \$65,000 to \$100,000 in annual revenue. "There's a need and an opportunity for cooperation, including the sharing of economic data," Concannon said.

While Texas has the highest population of horses, Maryland has the highest population density of equines, followed by Connecticut and New York. "Ten years ago, New Jersey, a state considered very urban, was number one," he said.

Rescued by Women

"Women rescued horses in the 1950's," said Tom Aronsen of Churchill Downs, formerly of the American Horse Council. The emancipation of women culturally and financially and the ability of women to pursue pleasure sports was the driving force behind the resurgence of the horse industry after World War II.

Aronsen, who was involved in the now-defunct Horse Industry Alliance, which tried to bring horse organizations together to promote participation in equestrian sports, said fragmentation killed that effort. "The horse industry is made up of many, many small businesses," he said. "Dover Saddlery is one of the four largest companies in the industry, but it's a tiny spec on the NASDAQ," he said. "Meanwhile there are 10,000 tack outlets in the US. Each interest has had to stay tightly focused.

"The industry has been carrying it all, but the tide may not continue to rise. Boomers are postponing the inevitable, but in at some point they will stop riding."

Silo Mentality

Olympic Gold Medalist and president of the U.S. Equestrian Federation, David O'Connor said that people in horse sports suffer from a "silo mentality" in which they compartmentalize their participation and don't see themselves as part of the overall horse industry. He said that horse organizations must unify to create a promotional resource.

He drew a parallel between horse sports and track and field events. It's difficult to promote javelin throwing, O'Connor pointed out, unless it's packaged as part of the overall sport of track and field. Horse people should think of their participation as being part of the overall sport instead of just their individual discipline, he stressed.

"None of us is big enough to play on the world stage by ourselves," said O'Connor. "We need to get horses onto the internet, onto TV, and into the mainstream media."