

Effects of the recession (circa 2008) on aspects of the horse industry in the UK

C Brigden, S Metcalfe, S Mulford and L Whitfield

Introduction

Methods

Results

Discussion

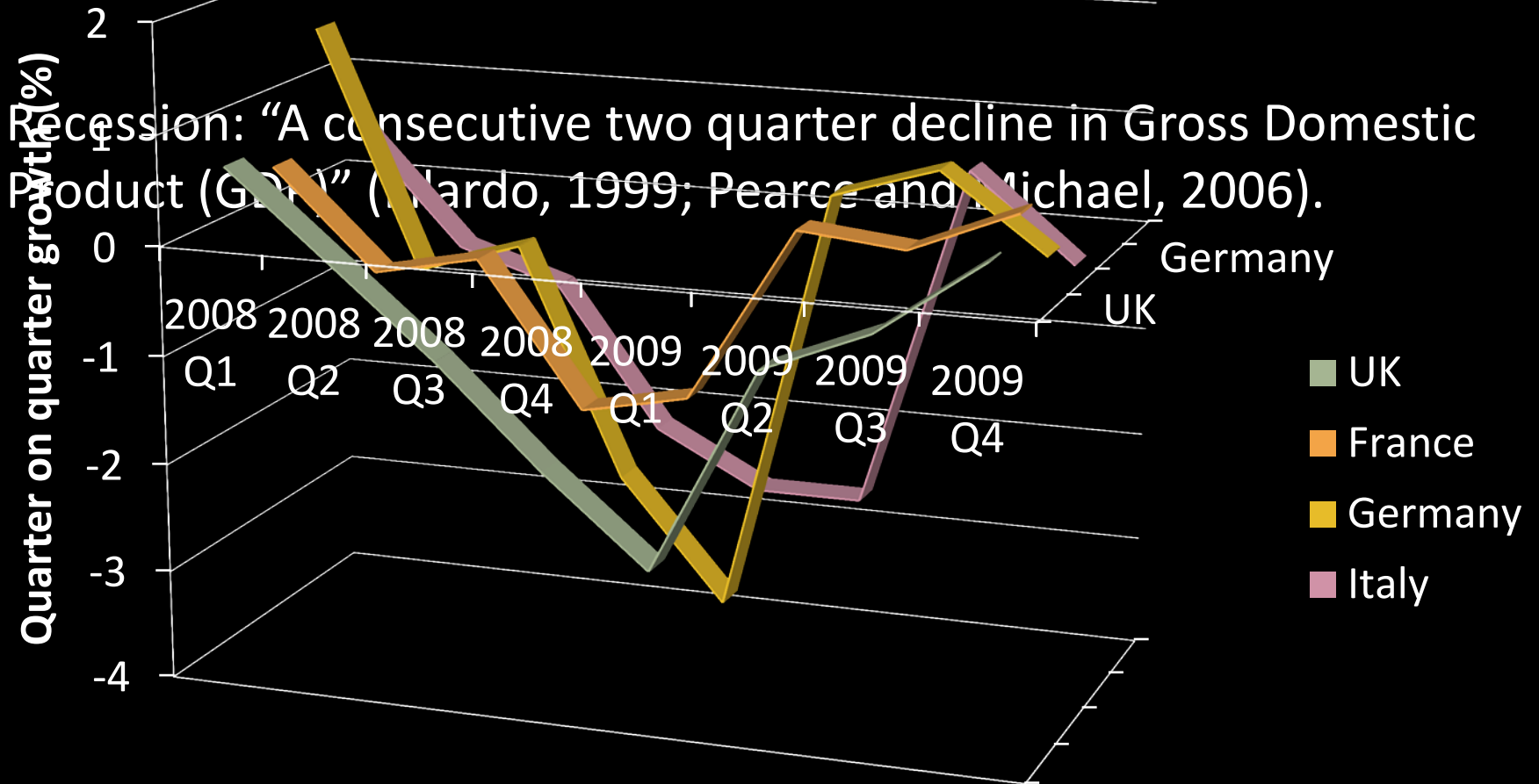


Figure 1: Quarter on quarter growth of UK economy and European countries 2008 – 2009 (source: UK Parliament, 2011)

Introduction

Methods

Results

Discussion

Reduced
customer
spending

Competitive
rivalry

Limited
credit
availability

Effects of
recession

Government
interventions

Cost
cutting

Job losses

Scale of effects
depend on whether
service or product are
necessities or luxuries



Introduction

Methods

Results

Discussion

The aim of this research was to use mixed sampling methods to explore the influence of the 2008 /2009 recession on differing aspects of the British equine industry:

- a) Marketing strategies of businesses
- b) Participation in affiliated British Showjumping
- c) Market value of horses



Introduction

Methods

Results

Discussion

Equine business survey

133 equine business owners completed an online questionnaire, recording business characteristics and marketing strategies and outcomes relating to the recession

Businesses included:

- Service providers such as farriers and dentists
- Product suppliers / manufacturers, such as feed merchants and tack shops
- Directly involved with horses, such as livery yards and studs.



Introduction

Methods

Results

Discussion

British Showjumping participation survey

Analysis of data between 2006 and 2010, including:

- rider memberships
- equine registrations
- number of competitions held
- number of entries

Competitor (n=114) and venues (n=32) questionnaires explored perceptions and experiences of the recession's effect



Introduction

Methods

Results

Discussion

Market value of horses survey

Sampling of advertisements (n=180) of three groups of typical horse types in 2007, 2009 and 2011

Interviews (n=5) with five “elite” equine sales companies or studs

Questionnaire (n=74) investigating consumer and purchaser experiences of horse sales



Introduction

Methods

Results

Discussion

Data analysis

Chi – squared test of association (questionnaires)

Kruskal –wallis (horse prices)



Introduction

Methods

Results

Discussion

Equine business survey

45% - “recession had affected business”

Service providers were less affected than those selling products or directly involved with horses

40% of small businesses (<5 staff) reported seeing recession versus 58% of large businesses (>21 staff)

51% used a new marketing method - resulting in an increase in customer base for 81%

98% had attracted new customers since 2008



British Showjumping participation

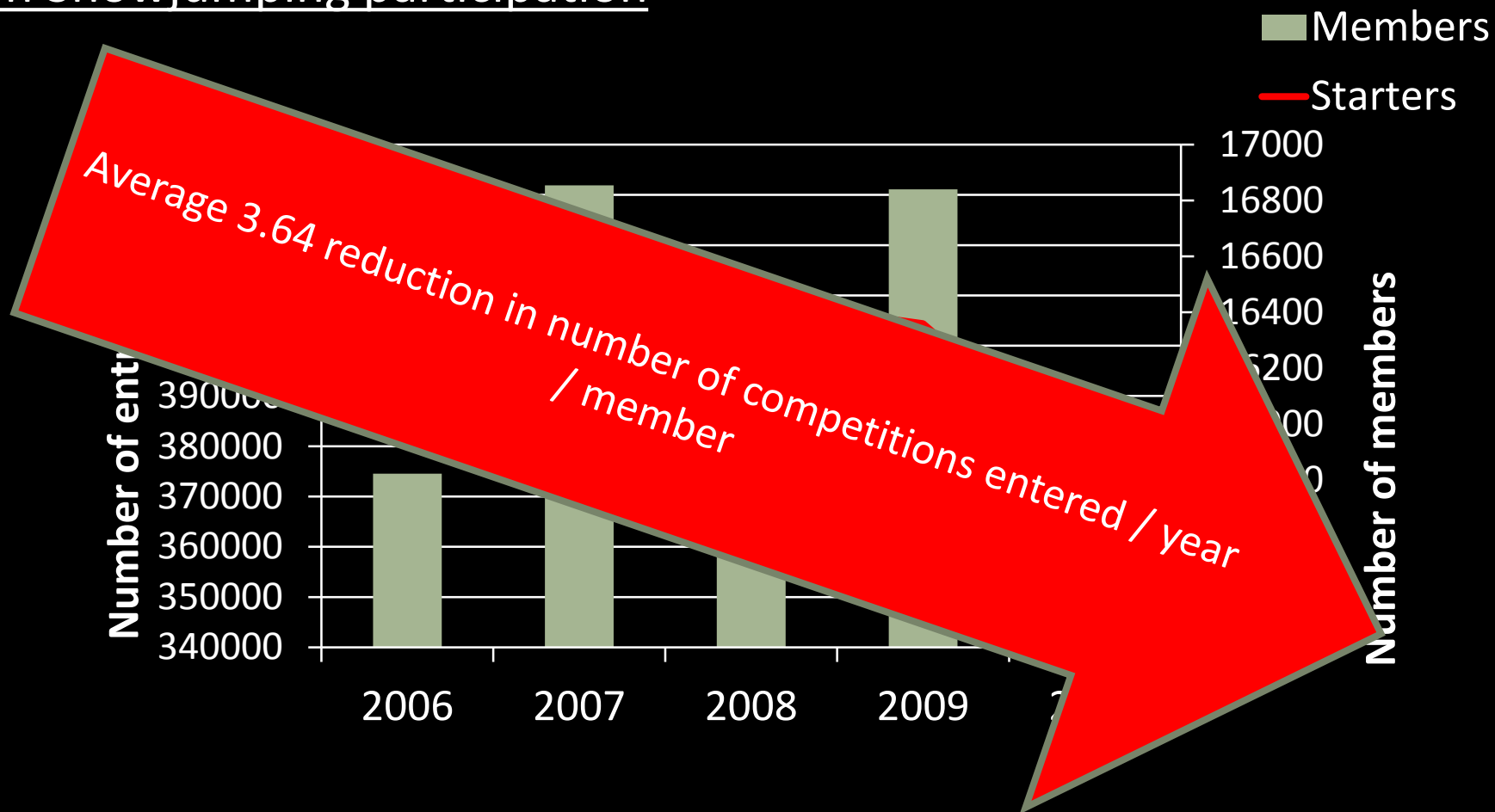


Figure 2: British Showjumping membership and competition entries by year



Introduction

Methods

Results

Discussion

British Showjumping participation

Fuel price and the recession's impact were significantly associated ($P < 0.001$) in influencing a competitor's decision to enter competitions

Riders who reduced the number of competitions entered also reduced training ($P < 0.05$)

Venues agreed that fuel prices had the most significant influence on competitor numbers, with 66% reporting reduced entries

Only a minority of venues altered marketing or pricing strategies

Introduction

Methods

Results

Discussion

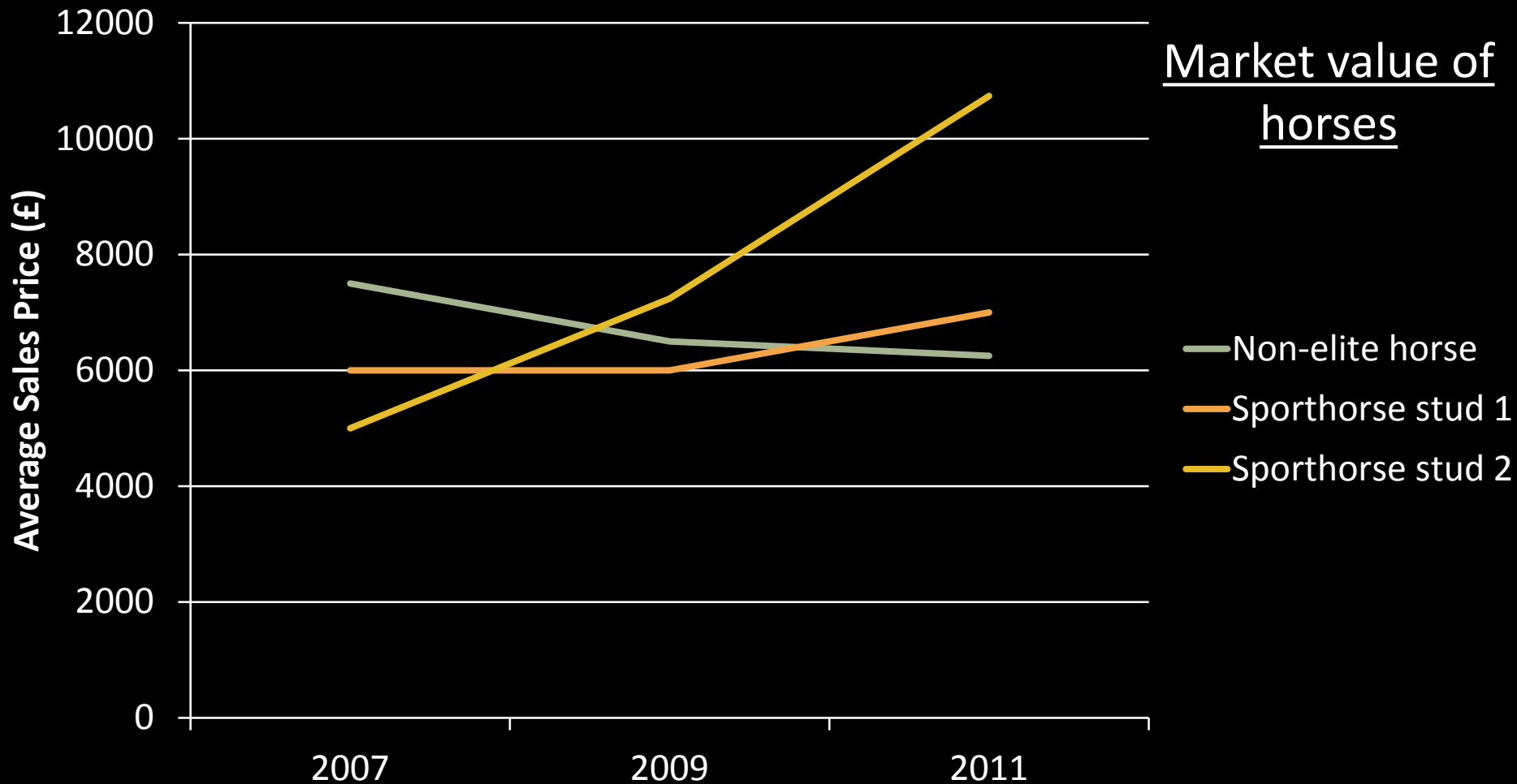


Figure 3: Average horse sale prices. Non-elite prices were not significantly different ($P = 0.063$).

Introduction

Methods

Results

Discussion

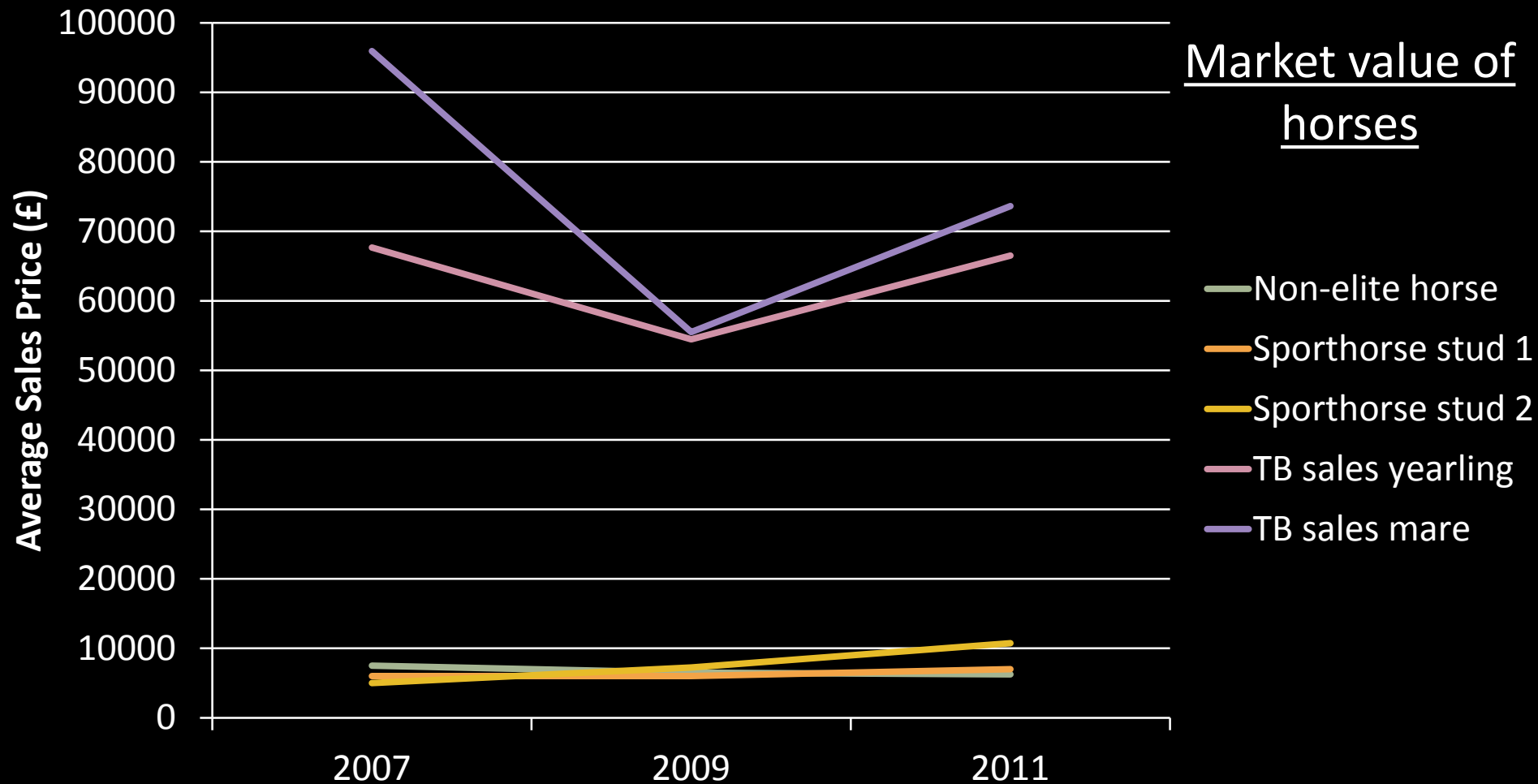


Figure 4: Average horse sale prices. Non-elite prices were not significantly different ($P = 0.063$).



Introduction

Methods


Results

Discussion

Market value of horses survey

73% noticed a reduction in horse prices between 2007 and 2011 and felt this was related to a reduction in disposable income.

Qualitative responses suggested concern relating to low value horses:



Quality horses held their price, mediocre ones were very cheap



Selling horses for minimal amounts like £100-£1000 and giving them away is creating a massive problem



Introduction

Methods

Results

Discussion

All three investigated areas of the British equine industry felt effects of the recession of 2008, but the scale of these differ according to the nature of business

Small businesses and those providing services (often mutual) appear to be more resilient, which may reflect customer loyalty and essential nature of the purchase

Equine businesses were proactive in advertising to new customers, reflecting the recognised need for competitive rivalry during a recession



Introduction

Methods

Results

Discussion

Association membership and, especially, competition entries appear to be seen as luxuries that are dispensed with during times of economic hardship

Competition venues do not appear to mirror other equine businesses in realising the need to respond proactively

Horse prices reflect the expected trend of supply and demand at both ends of the spectrum, although recovery appears to be prompter within the elite spectre



Introduction

Methods

Results

Discussion

Conclusion

The leisure and non-essential aspect of the market appears to be more vulnerable to effects of recession

Equestrian participants seem to be more strategic in their spending, reducing uptake of non-essential items or services

Members of the Equine industry need to respond strategically to future recessions to ensure a financial security

Introduction

Methods

Results

Discussion

Thank you for your attention





Introduction

Methods

Results

Discussion

References

Filardo, A.J. (1999) How reliable are recession prediction models?
Accessed 17th October 2011 via
www.kc.frb.org/PUBLICAT/ACONREV/PDF/2q99fila.pdf

Pearce, J.A. and Michael, S.C. (2006) Strategies to prevent economic recessions from causing business failure. *Business Horizons*, **49** (3), p201-209.

UK Parliament (2011) Recession and recovery. Accessed on 9th October 2011 via
www.parliament.uk/business/publications/research/key-issues-for-the-new-parliament.uk/economic-recovery/recovery-from-recession/