How can horse business professionals adapt to new consumer demand?

Sirpa Pussinen and Terhi Thuneberg
HAMK University of Applied Sciences, Finland
Degree Programme in Agricultural and Rural Industries
sirpa.pussinen@hamk.fi, terhi.thuneberg@hamk.fi
Equine industry in Finland

- 75,000 horses
- Approximately 3,000 full-time or part-time enterprises
  - Both small-scale (a few horses) and large-scale (~70 horses) businesses
  - This study includes stables with around 16 horses/stable
The Equestrian Federation of Finland / ~300 stables

The Finnish Trotting and Breeding association/ licensed trainers ~160
Methods

• The main targets of the study; *how the entrepreneurs see*
  • demand
  • profitability
  • *now (2013) and in the near future (2018)*

1) **Survey** 2/2013

• 166 respondents
  full-time or part-time equine entrepreneurs

2) **Work-shops;** 20 participants (entrepreneurs)
How the entrepreneurs see the demand 2018?

- All respondents (166):
  - Poor: 18%
  - Rather poor: 17%
  - Acceptable: 16%
  - Fair: 25%
  - Good: 38%
  - Excellent: 29%

- Riding services (60):
  - Poor: 41%
  - Rather poor: 41%
  - Acceptable: 40%
  - Fair: 25%
  - Good: 58%
  - Excellent: 29%

- Increasing demand (46):
  - Poor: 29%
  - Rather poor: 34%
  - Acceptable: 33%
  - Fair: 38%
  - Good: 58%
  - Excellent: 59%

- Trotting (24):
  - Poor: 8%
  - Rather poor: 0%
  - Acceptable: 0%
  - Fair: 0%
  - Good: 0%
  - Excellent: 6%

- Livery stables (46):
  - Poor: 29%
  - Rather poor: 34%
  - Acceptable: 33%
  - Fair: 38%
  - Good: 58%
  - Excellent: 59%

- Uncertain prospects (24):
  - Poor: 8%
  - Rather poor: 0%
  - Acceptable: 0%
  - Fair: 0%
  - Good: 0%
  - Excellent: 6%

- Breeding (19):
  - Poor: 0%
  - Rather poor: 0%
  - Acceptable: 0%
  - Fair: 0%
  - Good: 0%
  - Excellent: 0%

- Tourism/welfare sector (17):
  - Poor: 0%
  - Rather poor: 0%
  - Acceptable: 0%
  - Fair: 0%
  - Good: 0%
  - Excellent: 0%

- Growing interest (17):
  - Poor: 0%
  - Rather poor: 0%
  - Acceptable: 0%
  - Fair: 0%
  - Good: 0%
  - Excellent: 0%
How the entrepreneurs see the profitability 2018?
Profitability

- The demand and profitability correlates, *but*
  - Entrepreneurs estimate the demand to develop better than the profitability

-> *Leads to the question: how to improve profitability?*

-> Profitable business assists to adapt to the demand of new customers
Difficulties of the pricing policy

• Right pricing is the most important part of the profitability

  -> Brings possibilities to investments: facilities, horses, staff...
  -> Better quality of business
  -> Customers are satisfied and happy

• Why the pricing is so difficult?
  • Unique cost and income structures
  • Personal relationship between customer and entrepreneur; “like friendship”
Case: price of the riding lessons

- Survey to riding schools: what is the price of one riding lesson?
- 227 respondents
- Average 27 euros, varies between 15-50 euros / one lesson

Rural areas: low-price

Most expensive near big cities
Study`s conclusions about the factors that affect the demand

**STRENGTHS**
- Horse attraction
- Enthusiasm
- Variety of horse activities

**WEAKNESSES**
- Business skills; pricing, marketing, financial planning
- No data about markets

**OPPORTUNITIES**
- Business planning; differentiation and focus strategies
- Marketing and brand management

**THREATS**
- The world economy
- The media; can affect the attitudes of the general public a lot
How can horse business professionals adapt to the new consumer demand?

1) **By understanding the whole equine industry**

2) **See the possibilities**
   - Specialized services and new potential customers

3) **Business skills and quality of business**
   - Including marketing and brand managing

4) **Co-operation between different kinds of enterprises**
   - -> Horses provide leisure and activities to each one; *long-life hobby*
Thank you for your attention

Sirpa Pussinen and Terhi Thuneberg
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