

Saddlebred Market Research, 2006-7 – An Executive Summary

Overview

Following the annual meeting in February 2006, the American Saddlebred Horse Association professional staff completed a painstaking review of all existing programs that had been underway since 2003 and 2004. In addition, the internal corporate reorganization approved by the membership a year earlier completed its first full year of operation at the end of the first quarter, March 31, 2006.

Staff reviewed all current financial statements in detail to determine the Association's capital position, as well as funds readily available to commit to promotion and advertising. Consolidated annual revenues of the Association and Registry are in the vicinity of \$2-million, net of prize programs, and a surplus in an all-time record year just completed (2005) was under 10%, or \$200,000.

Therefore, any expenditures toward marketing or advertising purposes must be extremely efficient: effective at the lowest possible cost, absent significant additional revenues being generated. Hence, staff recommended to volunteer leadership of the Association that the necessary first priority, prior to any additional advertising or promotional expenses, was professional market research to ascertain the basic attributes of the Association's members and their opinions. The research of member perceptions should lead to appropriate target markets, actionable ideas to promote the breed, as well as indicate perceived strengths and weaknesses of the breed, and its uses, further to inform the marketing decisions ultimately taken.

Given contemporary costs of professional market research conducted by for-profit entities, staff agreed with two members of the faculty at University of Kentucky, Gatton School of Business, Dr. Steven Skinner and Dr. Robert Dahlstrom, each of whom has expertise in market research, statistics, and marketing, to consult on and conduct the research program.

In addition, Association leadership appointed a volunteer Advancement Committee to meet with Skinner and Dahlstrom, beginning in July 2006, to inform their efforts. At that meeting, the consultants presented their top-line

analysis of all prior research conducted, including historical statistical data, provided in prior months from the ASHA's records, indicating the need to stimulate awareness of and growth in the breed.

Methodology

Skinner and Dahlstrom recommended a project beginning with an initial open meeting with ASHA members and leadership; this open forum was held following the Advancement Committee meeting in July. Following further interface with staff and volunteer leadership, including by teleconference, focus groups were conducted with several stakeholder groups in August, including breeders, professional trainers, and owners.

Based on painstaking transcription of all focus group conversations, Skinner and Dahlstrom prepared a survey format over the next 60 days. Rather than survey a small random number of members and extrapolate from those results, the consultants and leadership agreed instead to conduct a full census of all adult members, including provision of a postage-paid return envelope for the entire sample to maximize response.

Of 7,194 surveys distributed, 2,345 were returned, for a response rate of 32.6%. Various benchmarks from the full membership database indicated no geographical biases in the data, and specific testing indicated no apparent non-response biases. With such a large sample, the results are extremely reliable in reflecting the attributes and perceptions of the total membership, as well as significant subsets such as owners, breeders, trainers, and judges.

Descriptive Data

The average annual income of respondents was approximately \$160,000. A high school education was noted by 15.4%, college by 53.1%, and graduate school by 31.5%. The membership is affluent and well educated.

The average duration of membership of respondents was 15.6 years, and 77.3% are female. The average age is 50.2 years. By membership category, 75.3% were senior members, 19.5% affiliate, and 3.6% juniors. (Surveys were not mailed to junior

members.) Owners were 79% of the survey sample, trainers 8.1%, breeders 7.0%, and other, 5.9%.

The subset of owners indicated that they presently owned 5.5 horses on average, of which 3.9 were Saddlebreds. On average, they indicated that the most paid for a horse within the last 2 years was \$53,100, and least paid was \$15,000. Trainers indicated that on average they trained 17.1 horses, of which 16.7 were Saddlebreds. They averaged 10.3 clients, and 97.3% offered advice to buyers/owners, about 37.2 times per year, or nearly once a week. Word of mouth was perceived by trainers as the best method to seek new clients, by 76.5%. Magazines and the Internet were next, at 9.0% and 6.6% respectively.

Of all members, 65.8% indicated competition as their primary activity, and 29.9% recreation.

Interpretive Data

Judging and affordability surfaced repeatedly as problems the membership perceived as affecting the breed. While these are *perceptions* of the members, and do not necessarily reflect reality – for example, in the evaluation of judging, judges may in actuality be highly honest, fair, and competent – the simple fact that members and judges themselves perceive otherwise to a significant extent is important, necessary to recognize, and actionable.

Judging

When members who compete were asked how important the following qualities are in judging (with 5 indicating very important and 1 indicating very unimportant), honesty was rated 4.9, fairness 4.9, competence 4.9, consistency 4.7, independence 4.6, and experience 4.3. When they were asked to what extent has Saddlebred judging you've encountered possessed these qualities (with 5 indicating completely, 4 indicating very much, 3 indicating somewhat, 2 indicating very little, and 1 indicating not at all), honesty was rated 3.1, fairness 3.0, competence 3.4, consistency 3.1, independence 3.0, and experience 3.7.

The "gap analysis" (the gaps between the first scores and the second) of these marks is striking. Moreover, a

similar result was obtained on both questions when viewing the responses of the subset of judges. To the question, "are you now or have you ever been a Saddlebred judge," 155 members or 8.1% of the total sample responding to this question answered "yes," and of those 50% were trainers, 25% owners, 10% breeders, and 15% other. In other words, the judges themselves indicate the honesty, fairness, competence, consistency, and independence of the judging they've encountered has not possessed these qualities nearly to the extent of their perceived importance.

In addition, trainers (2.6) believe more than owners (2.4) that "judging of Saddlebreds is honest and impartial," but neither mark reaches the threshold of 3.0 that would indicate the Saddlebred judging they've encountered possessed that quality at least "somewhat." Owners mark fairness at 3.0, trainers at 3.2; owners mark expertise at 3.8, trainers at 3.6.

Members whose primary interest is competition were also asked, recognizing that each judge is different, to respond to what extent they agreed with the following at the current time, with a mark of 5 being strong agreement, and 1 denoting strong disagreement: as to whether judging of Saddlebreds has changed a lot over time, the overall response indicated some agreement at 3.4; some disagreement as to "judging of Saddlebreds is honest and impartial," at 2.4; some agreement as to "Saddlebred judges are competent," at 3.3; some agreement that "judges have decided the results before they watch the competition," at 3.2; some agreement, 3.4, on "judges are influenced by advertisements they see before the competition," and more strong agreement at 3.7 with "judges are influenced by their perceptions of the purchase price of horses."

Non-judges in the sample agreed with the responses above, except were slightly more in agreement, at 3.5 vs. 3.4 for the total sample, with the notion that judges are influenced by the advertisements they see before the competition.

The self-described judges, on the other hand, at 2.8 vs. 2.4 for the total sample, disagree slightly less with the statement that judging of Saddlebreds is honest and impartial, but still disagree. They disagree with the statement that

judges have decided the results before they watch the competition, at 2.6, vs. 3.2 in agreement for the total sample, they are neutral (neither agreeing or disagreeing) with the statement that judges are influenced by advertisements, at 3.0, vs. the 3.5 toward agreement for the total sample, and they agree but less so, at 3.3 vs. 3.7 for the total sample, with the statement that judges are influenced by their perceptions of the purchase price of horses.

Affordability

Members were asked to what extent they believed that certain factors arising from the focus groups were barriers to the growth of the breed, with a score of 5 meaning completely and a score of 1 indicating not at all. Purchase price of horses ranked highest at 4.0, followed by training prices at 3.7, expert shoeing at 3.6, and cost of maintenance at 3.5. Other factors, not relating to pricing or cost, came in a second tier: perception that the horse is "crazy" at 3.4, perceptions of judging at 3.3, shortage or lack of riding schools at 3.3, setting tails at 3.2, and competition for an owner's time from other activities at 3.0. The mid-mark on the scale, 3.0, indicated "somewhat."

In the open-ended question that followed, asking respondents to indicate "anything else" that could be a barrier, most repeated or emphasized factors in the previous question, once again particularly relating to affordability and pricing. Factors that had *not* been previously mentioned included the perception that the breed was perceived as closed to outsiders, or elitist, or that insiders were unfriendly to outsiders. Another factor not in the previous question was the perception that the breed needed additional or differing promotion, perhaps emphasizing other attributes of the breed than traditional uses.

Members were asked to evaluate how important the following costs were in deciding to participate in the horse industry, with a mark of 5 being very important, and 1 being very unimportant. Purchase price of the horse was marked highest, at 4.3, followed by maintaining/keeping horse at 4.2, training also at 4.2, entering competition at 3.9, showing (travel/clothes) also at 3.9, and lessons at 3.4. A mark of 3 indicated neither important/unim-

portant. When asked to opine to what extent the costs of Saddlebreds are likely to exceed the costs for other breeds, in the same categories, with 5 being completely, 4 very much, 3 somewhat, 2 very little, and 1 not at all, purchase price was graded at 3.8, training, entering competition, showing, and lessons all at 3.6, and maintaining/keeping horse at 3.4. Association members clearly perceive that Saddlebreds are more expensive than other horses across the board.

Saddlebred Attributes

In rank order, members perceive the following attributes to be important qualities in a horse, with 5 indicating very important, 4 for important: trainability 4.7; intelligence 4.5; stamina 4.4; registered 4.4; exciting, beauty, affordable, and strength all at 4.2; competitiveness at 4.1; versatility and calmness both at 3.8; pedigree at 3.6; and a growing breed at 3.4.

When asked to what extent they perceive Saddlebreds to possess these qualities, with 5 indicating completely, 4 indicating very much, and 3 indicating somewhat, the highest scores were indicated at 4.6 for exciting and beauty. Intelligence and registered were next at 4.4, then trainability at 4.3. Stamina was marked at 4.2. Strength, pedigree and competitiveness were all graded 4.1, calmness at 3.3, a growing breed at 3.0, and finally affordability at 2.9.

The largest "negative" gap in perception, therefore, appears for affordability (4.2 for all horses vs. 2.9 for Saddlebreds). Other negative gaps, in order, appear for calmness, a growing breed, and trainability.

The largest "positive" gaps in perception appear for pedigree (3.6 for all horses vs. 4.1 for Saddlebreds), and versatility (3.8 vs. 4.0).

Conclusion

This summary of an elaborate, complex census is just that – a summary, or condensation of the total survey – and does not purport to examine its details. For example, the format included specific responses for breeders, farriers, owners, trainers, and veterinarians, as well as all members. Further divisions of all questions were tabulated by state of residence, by large and small breeders (as defined), for example, and could

be further divided and cross-checked by trainers with large and small clientele (as defined), by members whose primary interest is competition vs. those whose primary interest is recreation, and so forth. The amount of data is immense, and will continue to be examined and mined for insights as questions and ideas emerge.

More detailed results of the census have been conveyed first to the Advancement Committee by teleconference and also at a formal meeting at the convention in February, where interpretive discussions and debate were included. The membership was informed of and discussed the census at two open sessions during the convention. Directors of the Association and Registry jointly received a detailed presentation in early March in Lexington, including extensive interpretive questions and debate, and voted to proceed with the publication of this Executive Summary.

While this research effort ascertained the opinions, perceptions, and attributes of members of the Association, it does not inform us about the sentiments of non-Saddlebred equestrian constituencies, nor the views of

those important equestrian populations about Saddlebreds. This is an urgent ongoing research need.

Objective, empirical research is a necessary foundation for any serious business and marketing plan. In an Association of 8,000 members worldwide, understanding their interests, backgrounds, opinions, and perceptions is of critical importance for its staff and volunteer leadership. Without sophisticated empirical research, governance and marketing is literally blind to much of what is essential to informed decision-making. Interpretations and actions are always debatable; so, too, is the veracity of perception. But perceptions are ignored at great peril.

Perhaps one example from another realm of experience will demonstrate the point conclusively. John E. Bowen, III, died in early March in Maryland. He was little known outside his field of "news consulting." Over 30 years ago, he discovered through research that television-viewing audiences consistently preferred to see women at local anchor desks. He predicted that their hiring would significantly improve ratings. He was ridiculed and resisted; attempts were made to fire him by station man-

agers and male anchors. The perceptions of the audience were considered irrelevant and unorthodox at best, if not downright erroneous.

However, when the researched desires and perceptions of the viewing audience were finally respected, and female anchors were hired, soaring ratings resulted; Mr. Bowen and his research were finally vindicated. Television news was revolutionized for all time. **as**

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FOR THE RECORD

RULE CHANGES

By action of the American Saddlebred Registry Board of Directors on February 17, 2007, Section III, A., Article 7 and K. are amended so that when amended they read as follows:

SECTION III. REGISTRATION

A. ELIGIBILITY AND REQUIREMENTS

7. The owner of the dam at the time of breeding may assign his/her/its designation as breeder to any person or entity. Any such assignment includes all rights and interests as breeder including, without limitation, all rights to be listed as breeder on Registry records and all rights to any money or other prize due the breeder. The assignment must be in writing executed by the owner of the dam at the time of breeding and must be filed with the Registry along with the foal's application for registration.

K. ASSISTED REPRODUCTION

For purposes of these Rules, "assisted reproduction" refers to any process by which an embryo or oocyte is transferred from its genetic dam (the donor mare) to another mare (the carrier mare), which acts as the host and car-

ries the foal. This process includes, but is not limited to, embryo transplant, oocyte transplant and in vitro fertilization; however, it does not include cloning or any other method prohibited by the Registry Rules.

1. Effective February 21, 2004, there shall be no limitations on the number of foals that may be registered per donor mare.
2. The Certificate of Registration will note that the foal is the result of assisted reproduction.
3. The Registry has the right to inspect and check all or any practices of any party using or intending to use assisted reproduction.
4. The burden of proof as to true parentage is to be borne by the applicant for registration, and any question of parentage shall be resolved against registration of a foal carried by a carrier mare through assisted reproduction.
5. The owner(s) of the donor mare at the time an embryo or oocyte is transplanted or implanted in a carrier mare shall be the original owner(s) of a foal which is the product of assisted reproduction.