

# **MARKETING HORSES....DO IT RIGHT!**

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## **OVERVIEW**

### **1. Maximize the selling price of your horse**

The common objective in this exercise is to maximize the selling price of your horse. Although we are speaking of many different breeds, there are more similarities in our marketing efforts than there are differences.

### **2. Are you there to cut bait or to fish?**

Marketing through the auction ring offers instant results. Working the private sale market can last a lifetime

### **3. Assessing the value of your horse.**

### **4. Choosing the marketing program which best suits your personal needs.**

### **5. Focusing on the marketing of your horse.**



## **Maximize the selling price of your horse**

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My own area of knowledge and experience is the Thoroughbred auction world. I have been the senior auction announcer for Fasig-Tipton for about the past fifteen years, which means I sit in the auction stand at every one of Fasig-Tipton's 23 auctions of Thoroughbreds of all kinds in six different locations in North America. In this capacity, the auctioneer and I look at every horse as it walks into the auction ring, match it to its pedigree and make a quick assessment of the horse's value. With thirty or more horses passing through the ring each hour, it has to be a quick assessment. However, it is an important assessment. When a horse is bringing what we perceive to be much less than its market value, we'll spend extra time reminding the buyers of the horse's qualities. We are working for the consignor and for each extra dollar we make for the consignor; we make 5% of that dollar for Fasig-Tipton.

Whether it's an auction sale for Thoroughbreds, standardbreds or quarter horses, the routine for a consignor, buyer and sales company is pretty much the same. The seller pays an entry fee and consigns a horse or horses to a specific sale. The sales company provides the facility for the sale, produces a sales catalogue, promotes and conducts the sale. The sales company brings the seller and buyer together and, in general, charges only a commission to the seller. Buyers' premiums are rare in the horse world.

Just how much bang you get for your buck as a seller depends mainly on the size and prestige of the sale and sales company you sell with. If you participate in auctions where the average price is in the low thousands, you cannot expect much bang. When you have a Thoroughbred yearling at a major selected sale, the catalogue, promotion and facilities better be first rate.

## **1. Are you there to cut bait or to fish?**

Marketing through the auction ring offers instant results. Working the private sale market can last a lifetime

Auction sales offer instant results. Private sales can take a lifetime. It is important to decide where you fit into this picture. If you have a deadline by which you **MUST** have sold your horse, the auction route is probably your best bet. This deadline can be created by many factors. Another crop of foals need the stalls, you don't have extra stalls and you don't want to "winter-out" or pay board to somebody else. You don't want to put another stud fee into a broodmare. You have bank loan coming due. The IRS is suggesting you demonstrate to them that your activities are a business, not a hobby. All of these imply deadlines and a seller with a deadline is a committed seller. We must choose an appropriate sale to meet this deadline and enter our horse. We have local, regional and national sales to consider, selected and open sales, all of which impact sales prices. The timing of nearly all sales for all breeds has some connection to the natural cycles of the horse. In the Thoroughbred world we have yearling sales in the summer and early fall. Weanlings and broodmares come round in the late fall and winter. Two-year-olds in training are timed from January to June or July.

If you have no deadlines or pressures, perhaps you would like to try to sell privately. Depending how aggressive you want to be in your marketing efforts, you can advertise or publicize the availability of your horse, or merely rely on word-of-mouth. You are fishing, rather than cutting bait. You can price the horse over the moon. Somebody might come along who cannot live without your horse and give you a silly price. Suddenly you have become a much better marketer of horses than me. Most times this doesn't happen and it takes many telephone calls, many dead-end leads before buyer and seller come to terms. But don't forget, there are a lot of people who like to fish!



## 2. Assessing the value of your horse.

If you don't have a realistic projection of your horse's value and you are a committed seller, it is difficult to make a reasoned decision on how best to market your horse. When appraising the value of most horses, the two elements to be researched and analyzed are;

A) CONFORMATION

B) PEDIGREE AND MARKET EVALUATION

### A) CONFORMATION

Conformation is probably the over-riding consideration in any type of breed where the horse's value is closely associated with performance. In the Thoroughbred, the performance we are talking of initially is potential race ability, which is closely tied to conformation. The same applies to quarter-horses and standardbreds. Where horses' values are related to performing tasks with a rider, conformation will be a factor, but less critical than it is with horses expected to race. With a broodmare, only certain aspects of her conformation might impact her value. Where a small, crooked mare has consistently produced big, correct foals, her own deficiencies might be forgiven. But the seller must convince a potential buyer of these facts. Most buyers have been known to be somewhat skeptical of sellers' claims!

If you have been in the horse business long enough to form a valid opinion on conformation, remember one extra thing when judging your own horse. BE CANDID.

Faults you can live with may well be anathema to a potential buyer. If you are a committed seller, be sure your idea of value reflects the physical qualities of your horse.

For those lacking experience in physically evaluating a horse, seek an "expert" opinion. Ask a couple of unrelated associates for an overview of the horse's good and bad points. If you get two widely differing opinions, get a third and look for common ground.

Armed with this conformational evaluation, you move to the second phase of the appraisal:

## **B) PEDIGREE AND MARKET EVALUATION**

For the purposes of this presentation, we are talking mainly of horses where pedigree has an impact on the performance, and thus the value, of the horse in question. To arrive at a realistic value, the appraiser needs access to a wealth of statistics, which is why horse appraising has become a mini-industry in its own right. To take all the hocus-pocus and jargon out of appraising the value of a horse, we must remember that “value” can be established by comparing like-to-like. It’s the same as appraising farmland, fine art and fur coats. Appraisal is a science, not an art, and an appraiser becomes an expert with regular exposure to the process and the knowledge of where to find and interpret data.

Let’s appraise a Thoroughbred yearling. We will decide whether our yearling is (A) – above average, (B) – average or (C) – below average in its conformation.

Now we look at that yearling’s sire and how his most recent crop has been selling. We compare pedigree to pedigree and find similarities. If you can find three comparables, look at what they sold for – one for \$100,000, one for \$50,000 and one for \$10,000. We have to assume, with similar pedigrees that conformation differences caused these three yearlings to sell for disparate prices. If you have an (A) yearling, it should be worth between \$50,000 and \$100,000. A (B) yearling will be worth \$10,000 to \$50,000 and a (C) yearling up to \$10,000.

Is it that simple? Of course not, it never is. But it gives you some basics. There are several additional factors. How recent are the statistics? Have there been any external factors, positive or negative, which will impact your part of the “horse” market. Has the appeal of the sire of your horse changed one way or another? Anyway, we have a realistic idea of the value of our horse and it is now time to turn to our marketing plan.

### **3. Choosing the marketing program which best suits your personal needs.**

For the purposes of this discussion, we will contemplate that public auction is the most expeditious way to achieve your aims. In this event, the first three decisions to be made are where, when and who. Our location here presents an opportunity to examine a hypothetical Thoroughbred breeder in Calgary who has a Canadian-Bred yearling worth around \$100,000. Should we cut bait by being the largest fish in the local yearling sale, take a shot at the Selected Canadian-Bred yearling sale in Toronto in September or expose our yearling to the widest possible market in Kentucky in July or September. Like most decisions, there is no absolutely wrong or right answer, merely a decision and the consequences of that decision. One clear mistake would be to offer a yearling in a local market where the ceiling price has been \$50,000 for the last few years. The second clear mistake would be to ship a yearling hundreds or thousands of miles when that yearling is compromised by conformational shortcomings, wind problems or skeletal deficiencies. But if you're lucky enough to have a truly special yearling, sometimes it pays to shoot for the stars and expose it to a national, or international market.

Wherever you sell at auction, the sales company charges you an entry fee and a 5% commission whether or not you use an agent. A sales agent charges an additional commission, which varies, is negotiable and ranges from probably 2 to 5%, plus sales expenses. Most agents like to have your horse before the sale for "prepping", which can range from the day before so they can groom and pull the mane, to several months when a valuable yearling is involved. Whatever "prep" you decide and agree on, it's going to cost extra. If you are only selling one or two horses a year, it's probably worth the expense of an agent, to avoid the inconvenience and costs of being a "one-man-band".

If you plan on developing an annual presence at the sales, with an increasing number of horses from your farm, it might be worth selling for the first two years with an agent, just to learn the ropes of an auction sale. But, if you have a farm and plan on being in the sales end of the business for a while, the sooner you hand your shingle, the better. The horse game is a lot about reputation and character, and if you consider these two attributes as valuable assets, it's better to establish your presence quickly. If you plan to use the sales to offload only your bums, perhaps you would do better behind the anonymity of an agent.

#### **4. Focusing on the marketing of your horse.**

##### **To advertise or not to advertise.**

Over the years, I've seen millions of dollars spent advertising sales consignments. I've never seen a good ad increase the value of a bad horse and, conversely, I've seen a lot of bad ads that didn't hurt the price of a good horse. Agents ask you to contribute a pro-rated share to their advertising campaign and it's probably a good idea to go along with them. If you say no, it ticks off the agent who doesn't see you as a team player. The agent might not be quite so enthusiastic to extol the virtues of your fine, one-horse consignment. If you say yes, you're a team player, the agent can run a big, impressive campaign and the overall effect may convince the readers that this is, indeed, an important group of horses which, on sales days, should be checked out.

If you are selling for yourself, it won't hurt to start publicizing the farm's name. The main thing buyers want to see is if you have an operation raising successful runners. So, after a few years, when you breed, raise and sell a Kentucky Derby winner, it is good for your ego and your farm's reputation to see your ads in the trade press. Who do you call to get this done? Don't worry. Even before the jockey has weighed in, your 'phone will be ringing off the hook. These publications do have some very persuasive salesmen.

A spectacularly-successful sales sector in the Thoroughbred industry has been "pinhooking" - buying yearlings, breaking and training them and re-offering them the following season at the two-year-olds in training sales. It's a risky business, requiring nerves of steel and a lot of exposed capital. Nobody spends less on individual advertising than the leading pinhookers and year-after-year they do very well at the sales. When a couple of years back there were some perception problems, seized upon by our trade press, on the wisdom of buying from pinhookers, they did a really smart thing.

They formed an association - the NATC - and did a ton of co-operative advertising extolling the virtues of successful graduates sold by their members. It didn't focus on individual horses coming up for sale, but the sustained campaign helped erase the negative image that had been created for them.

On the whole, use advertising to promote your farm, your success stories and, to a lesser extent, any really worthwhile update in your horse's pedigree. Ads with long lists of sires and long-winded copy are a wasted expense.

### **Marketing at the sale.**

Let's start with basics. A well-designed stall card is a must. When you walk down a shedrow at a local or regional sale and see somebody's magic marker on the reverse side of an old stall card, it creates a negative impression about the horse from the word go. If the consignor drags out one of the best-looking horses in the sale, don't ignore it just because the consignor is cheap. But this rarely happens, mainly because good people know good horses and know it's worth a few bucks to make a show out of the consignment and the horse. The reverse is also true. There is nothing more frustrating than to see baskets of flowers, candy and coffee, all the sales help stepping out of a Land's End catalogue if that same consignor doesn't put the same effort into their horses. Balance is everything and always lean towards more care for the horse.

Cleanliness around the sale is of paramount importance. Clean stalls, clean horses, clean sales help and no trash around the consignment.

When a potential buyer appears, show that buyer a willingness, not a reluctance, to show your consignment. Be quick. Knock the horse off, pull the straw out of its tail, but don't spend five minutes looking for the hoof dressing. Stand your horse square. Don't walk the horse until you are asked to and try to find a 20-yard straight line to walk up and down briskly. Look interested in the project. If you think all this is nonsense and not worth a dime, you have two choices. Use an agent, because the expense is worth it, or let your attitude impact the price your horse brings. Should you "sell" to a potential buyer? You will have a limited amount of time when a buyer is inspecting your consignment and it would be time wasted if you made no contact with that buyer. The point, again, is balance. Passing over information – updates in the pedigree, any explanation for an injury, is appreciated. Putting on the hard sell is a distraction. If the buyer likes your horse enough, he or she will probably put up with the hard sell, but it does offend some. Again, it is a question of balance. About information you should pass on to potential buyers. If the conditions



of sale require you to announce cribbing, weaving or injury to an eye, pass it on when the person is looking at the horse. If a potential buyer hears this information for the first time from the auction stand, it comes as a shock and there is no time for the buyer to personally evaluate its relevance. Pass this information over when they are inspecting and it becomes part of the overall evaluation.

And don't think your marketing ends at the fall of the hammer! Many consignors pull up sticks and head out of town the minute their last horse goes through the sales ring. It creates a poor impression in a buyer's mind when they arrive to take another look at their precious purchase and find the shed-row totally abandoned. Was the seller's only interest "dumping" the horse and high-tailing it out of town? The consignor should try to find the buyer, find when the buyer plans to ship out and to co-ordinate such a plan. As we said earlier, reputation is everything for sellers of any type of horse. It is a perpetual task to create and protect it. It takes just one careless act to destroy it. Follow through and make sure your buyer walks away happy with the transaction and pleased to have done business with you.

### NOTES
