

Maintaining Service and Sales in a Challenging Economy

Things are tough all over! The economy is faltering; people are out of work; horse owners have less spendable income; everyone is competing for the consumer dollar. At the Kentucky Equine Research (KER) spring conference for feed manufacturers, KER Team Member companies from various parts of the U.S. and overseas were asked to share their ideas and strategies for coping with the challenging economic situation. Here's a summary of their ideas.

Jim Scott, Saracen Horse Feeds, United Kingdom

- "We're taking the view that the current economic situation presents as many opportunities as it does problems."
- Customers are looking beyond absolute price and are seeking value in a premium product. It's up to the manufacturer to show customers why a particular product offers the best value.
- Saracen has become a little more cautious about starting charge accounts for new customers.
- Saracen's feed prices will be raised when they need to go up.
- Cutting the company's marketing budget is not a step Saracen is willing to take at this point.

Finn O'Sullivan, Bluegrass Horse Feeds, Ireland

- Bluegrass is not opening any new credit accounts, and has eliminated some dealers who weren't moving Bluegrass products well.
- Although customers aren't buying as many supplements and "extras," it's still a good market for complete/fortified feeds.
- Customers who can't order many bags of feed at one time are encouraged to combine an order with a neighbor to make up a full pallet.
- Trainers come to Bluegrass for solutions to problems such as horses that have tying-up syndrome. The company uses success stories from happy customers to promote sales.
- "If we can get new customers, we know we can keep them."

Luis Viega, Portugal

- "We have sold more feed but aren't getting paid for all of it. We have started a policy of giving a 2% discount to customers who pay their accounts in 30 days."
- "We have invited clients to sit down with us and work out their own formulations. This way the clients can see for themselves why top-line feeds are so expensive, and they don't complain after that."
- "We explain that with cheaper feeds, customers must feed more and also risk their horses getting colic or another problem. These customers tend to come back to the premium feeds."

Vaughn Evans, Capstone Horse Feeds, South Africa

- In South Africa there are many companies that make feed to supply a large and diverse horse population, so there is a lot of competition for clients.
- Some top trainers and big farms have picked up Capstone's products and have had good results.
- Trials have been run on large farms where half the yearlings are fed Capstone feeds and the other half are fed competing products. In comparisons made after the trial, the appearance of the Capstone-fed yearlings has made believers out of skeptics.
- For farms that want to feed their own oats or straight grains instead of a commercial feed, Vaughn suggests the addition of Capstone's balancer pellets and has had great success with this regimen.

Bernd Ebert, St. Hippolyt Nutrition Concepts, Germany

- About 80% of St. Hippolyt's clients come from Germany, while the other 20% of business comes from Austria and Denmark.
- St. Hippolyt manufactures a premium feed and also a "good" feed.
- In Germany, the largest industry is automobile manufacturing. This industry has taken a hit due to the economic situation, with the result that some horse owners with reduced income have switched from the premium feed to the good feed. The good feed is also the choice of some new clients, while other clients mix the two products in a half-and-half ratio.
- The company has instituted a slight reduction in product price, which acts as a psychological boost for customers.

Bob Wagner, Pennfield Corporation, Pennsylvania, USA

- Bob sells feed in Florida, where serious riders and trainers bring horses for the winter show circuit. Usually there are about 3000 people at H.I.T.S., a popular show series; this winter, that number was cut in half.
- Instead of pulling back in response to the economic downturn, Pennfield took the initiative to move forward with a bold marketing campaign: a series of nutrition lectures and opportunities for the public to meet elite sponsored riders.
- Bob's feed sales are actually up and he's enjoying a larger market share.
- "As long as we can produce products for the top echelon, we're doing all right!"

Vern Avery, Brooks Performance Horse Feeds, Ontario, Canada

- Brooks puts great emphasis on education of dealers and clients. "I tell new dealers that they are not in the feed business; they're in the nutritional management business."
- Keeping dealers motivated is a "secret weapon" for keeping sale levels up. Relationships with veterinarians are also important, and Brooks gets client referrals from vets it has trained in nutritional management.
- About 80% of Brooks clients feed racehorses or other performance horses.
- Use of Gro-Trac and Microsteed allows Brooks to offer better service to clients.
- Brooks has hired a staff member to handle collection of outstanding accounts.

Bob Giacomo, Lakin Milling Company, Arizona, USA

- Lakin makes 30,000 tons of feed each year to sell in Arizona, Texas, and New Mexico.
- Most of the forage-based fortified pellets are made from hay grown in Lakin's 2000-acre hay fields.
- Until the recent slowdown in building, a lot of farmland was being taken out of production. Forage is scarce and expensive. "Our main sales competitor is a bale of hay."
- Lakin has a policy of cash-only sales.

Bob Brandt, Brandt's Mill, Pennsylvania, USA

- As KER's longest-standing Team Member, Brandt's Mill is a small family-operated company. Most feed goes to racehorses, including Bob's own horses at the track.
- Owners and trainers in the areas are beginning to feel the economic pinch.
- Company expenses are kept as low as possible. There are no dealers, and Bob is his own salesman when he meets his clients at the track.
- Racetrack casinos compete for leisure dollars, but they also keep track purses up.

Ron Genrick, Assurance Feeds/Feed Mill Express, Minnesota, USA

- Ron seeks educated, motivated dealers as the key to good sales and customer service. He does a lot of training meetings to promote the KER brand.
- Ron has also joined with veterinarians to put on educational programs, and he gets many recommendations from vets.
- Hay analysis shows what needs to be added to supply a horse's nutritional requirements. Balancer pellets are often a good answer.
- For large stables, Ron may bypass dealers and sell direct. Top dealers sometimes get a price margin.
- The company has gotten much more aggressive in advertising; has picked up some sponsored riders; has asked KER for more help with ads and marketing; and will begin to do some magazine advertising.