THE DECLINE OF THE HORSE INDUSTRY

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Outline

- Purpose
- Definitions
- Review of Other Work
- Methods
- Results
- Conclusion/Recommendations
- Limitations
The last two plants closed in Illinois and Texas.

State law was implemented to ban horse slaughter.

It was believed to be inhumane.

There is current legislation proposed that would ban this process nation wide.
Definitions

- Cull Horse
- Horse meat market
- Establishment
- Euthanasia
- Processing
Total of 138,206 U.S. horses in 2006
U.S. plants 102,260
Shipped to Canada 24,866
Shipped to Mexico 11,080
90% of the United States consumes beef?

The cow and the horse are very similar

Mongolia value their horses very high but cannot afford to not utilize every aspect of the horse

To waste this meat and salvage value is not plausible for horse owners.
Increased Cull Horse Population

- Horses neglected and abandoned
- Dying of thirst and hunger
- Brand removal
- Euthanization and the possible harmful affects
Horse Owners Predicament

- Surplus of cull horses
- Less demand for all types of American Horses
- Decreased price for horses
- Also a decrease in the number of horses sold with the United States
Research

- Price change analysis
- Industry inefficiency analysis
- Percent change analysis
- Graphical comparisons over time
- End value analysis
<table>
<thead>
<tr>
<th>Year</th>
<th># of Horses Sold</th>
<th>Total Revenue On Horse Sale</th>
<th>Average Price/Head</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>50</td>
<td>$80,421</td>
<td>$1,608</td>
</tr>
<tr>
<td>2006</td>
<td>46</td>
<td>$71,421</td>
<td>$1,548</td>
</tr>
<tr>
<td>2007</td>
<td>41</td>
<td>$84,869</td>
<td>$2,070</td>
</tr>
<tr>
<td>2008</td>
<td>36</td>
<td>$64,775</td>
<td>$1,780</td>
</tr>
<tr>
<td>2009</td>
<td>27</td>
<td>$39,850</td>
<td>$1,476</td>
</tr>
</tbody>
</table>
Broken Bones Ranch Horses Sold

Horses Sold

- Horses Sold

2005  2006  2007  2008  2009
Broken Bones Ranch Total Revenue

Total Revenue

- 2005
- 2006
- 2007
- 2008
- 2009

0
10,000
20,000
30,000
40,000
50,000
60,000
70,000
80,000
90,000

Total Revenue
<table>
<thead>
<tr>
<th>Year</th>
<th># Horses Sold</th>
<th>Total Revenue On Horse Sales</th>
<th>Average Price/Head</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1,250</td>
<td>$28,287,500</td>
<td>$22,630</td>
</tr>
<tr>
<td>2008</td>
<td>900</td>
<td>$15,049,800</td>
<td>$16,772</td>
</tr>
<tr>
<td>2009</td>
<td>362</td>
<td>$3,972,750</td>
<td>$10,430</td>
</tr>
</tbody>
</table>
NRHA Total Revenue

Total Revenue

- Total Revenue
<table>
<thead>
<tr>
<th>Operation/Sales</th>
<th>Percent Change Work</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broken Bones Ranch (2005-2009)</td>
<td>27/50 = 0.54 – 1.0*100</td>
<td>46% Decrease</td>
</tr>
<tr>
<td>Keeneland All Ages Sale (2007-2009)</td>
<td>982/1521 = 0.645 – 1.0*100</td>
<td>35.4% Decrease</td>
</tr>
<tr>
<td>NRHA Futurity Sale (2007-2009)</td>
<td>362/1250 = 0.2896 – 1.0*100</td>
<td>71% Decrease</td>
</tr>
<tr>
<td>Operation/Sales</td>
<td>Percent Change Work</td>
<td>Percent Change</td>
</tr>
<tr>
<td>-----------------------------------------</td>
<td>----------------------------------------------------------</td>
<td>-----------------</td>
</tr>
<tr>
<td>Broken Bones Ranch (2005-2009)</td>
<td>39,850/80,421=.4955 – 1.0*100</td>
<td>50.4% Decrease</td>
</tr>
<tr>
<td>Keeneland All Ages Sale (2007-2009)</td>
<td>23,985,100/38,824,000=.618-1.0*100</td>
<td>38.2% Decrease</td>
</tr>
<tr>
<td>NRHA Futurity Sale (2007-2009)</td>
<td>3,972,750/28,287,500=.14-1.0*100</td>
<td>86% Decrease</td>
</tr>
<tr>
<td>Keeneland Total Sales (2007-2009)</td>
<td>192,000,000/400,000,000=.48-1.0*100</td>
<td>52% Decrease</td>
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</tbody>
</table>
### Annual Care Table

<table>
<thead>
<tr>
<th>Expenses</th>
<th>AU*1AU</th>
<th>Lbs/Year/Ton</th>
<th>Cost/Pound</th>
<th>Cost ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feed</td>
<td>1.15*800</td>
<td>920*12/2000</td>
<td>5.52*80</td>
<td>$442</td>
</tr>
<tr>
<td></td>
<td>1.36*800</td>
<td>1088*12/2000</td>
<td>6.53*120</td>
<td>$784</td>
</tr>
<tr>
<td>Farrier</td>
<td></td>
<td>Trims</td>
<td>2*25</td>
<td>$50</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>2*35</td>
<td>$70</td>
</tr>
<tr>
<td>Boarding</td>
<td></td>
<td>Low End</td>
<td>100*12</td>
<td>$1,200</td>
</tr>
<tr>
<td></td>
<td></td>
<td>High End</td>
<td>200*12</td>
<td>$2,400</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>Range</td>
<td></td>
<td>$1,692-$3,254</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Unwanted Horse Coalition Estimate</td>
<td>$1,800-$2,400</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Mean</td>
<td></td>
<td>$2,287</td>
</tr>
</tbody>
</table>
Demand Shift Curve

Demand Change for the Horse Market

Excess Supply

P₀

P₁

Q₀

Q₁
Conclusion

- Overall revenues and sales have gone down severely from 2007
- The population of cull horses is not decreasing; it is increasing
- There is an estimated 100,000 of unwanted horses with no solution to the problem
Recommendations

- Horse slaughter plants must be reopened
- Legislation needs to be passed to protect them
- New plants should be opened
- USDA would oversee transportation and facilities
- Plants would have the right to maintain operations during any lawsuit
SWOT Analysis

- **Strengths**
  - Provide an outlet for 100,000 cull horses annually
  - Horse owners regain salvage value of horses
  - Increased revenues and decreased costs for the horse industry
  - There are thousands of horse owners, they need to take strength in their numbers
Weaknesses

- This legislation has many against it
SWOT Analysis

- Threats
  - Animal rights groups
  - Anti-slaughter individuals
  - Difficult but an attainable goal
SWOT Analysis

- Opportunity
  - Chance to gain revenue from cull horses
  - The industry back on its feet
  - A solution to the 100,000 unwanted horses
Continuously fighting Congress on Anti-slaughter legislation

There are thousands of horse owners in the United States that need to do more
Increased awareness

- Horse owners need to learn to breed smarter
- Increase awareness of the problem and what is and can be done.
- Additionally, owners need to improve how they market and advertise to keep up with today's changing culture
Limitations

- Other variables that could influence the market
  - Price of Hay
  - Price of Fuel
  - Current recession
Bibliography

Whipp, Marie. Loss in Horse Sales Zebadiah Whipp. 15th November 2009.
Questions?