



photo courtesy Ross Hovav

NEWS. INDUSTRY. TRENDS.

# EquiBiz Now

a service of the  
Center for Equine Business Studies  
at Texas A&M University

ISSUE # 2

THE B2B RESOURCE FOR THE HORSE INDUSTRY

SEPTEMBER

## DROUGHT LOSSES MOUNT WITH CONDITIONS TO CONTINUE THROUGH OCTOBER

Billions of dollars in losses are expected as drought conditions continue throughout much of the United States with forecasters offering little hope for change through October.

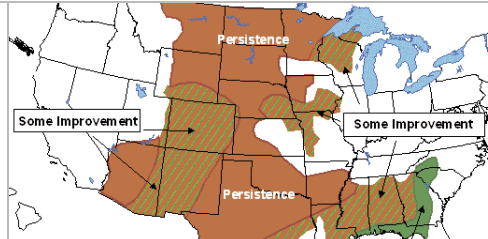
Most severely affected are Texas, Oklahoma and the Dakotas, while parts of Kansas,

### Helping Horse Owners Cope

While most horse owners are unlikely to sell off their current stock, the industry will still feel the affects of higher hay and feed costs throughout the winter.

“Horse owners can expect an increase of as

*States with the worst pasture conditions — at least 70% of the acreage rated poor or worse include: Alabama (77%); Arizona (74%); Missouri (71%); Nebraska (70%); North Dakota (74%); Oklahoma (78%); South Dakota (72%); Texas (74%); Wyoming (73%). (Beef magazine)*



Montana, Wyoming, Arizona, Mississippi and Georgia are also classified as under extreme drought by the U.S. Climate Prediction Center.

Some improvement is predicted in Colorado, New Mexico and eastern Arizona, but conditions should persist or intensify in the hardest hit regions.

Losses in Texas are expected to reach \$4.1 billion, including \$1.6 billion in livestock, report Texas Cooperative Extension economists. Hay is also a casualty of the drought, with three-fourths of available range and pasture too dry to produce sufficient forage or hay. Other states report expected high losses as well, but say it's too soon to tell.

much as 20 percent in their hay costs throughout the winter,” said **Pete Gibbs, PhD**, Texas Extension Horse Specialist. “Feed and tack stores can help horse owners by advising them on the best alternatives for hay or give them hints on stretching their hay to reduce their overall costs.”

Horses do not tolerate dietary change well, he says, and the shortage of hay has caused some horse owners to feed hay of different types, or from different batches. Even the same type of hay can vary a great deal in quality, depending on how it was managed, when it was cut and where it was grown.

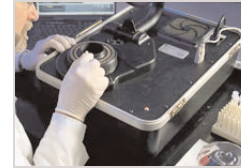
“One way to horse owners can stretch their existing hay supply is to actually weigh each

*continued on page 4*



Drought taking its toll

PAGE ONE



Texas Horse Death  
Mystery Grows

PAGE TWO



Milano Brimming Over

PAGE THREE



Churchill Looks to Grow

PAGE FOUR

## BizBuzz

Yet another trade group has formed to address “unity” in the equine industry. The American Equestrian Trade Association will work to get English-based products on the same page after complaints that other trade groups ignore their market segment. Surveys indicate about 20 percent of Americans prefer to ride English (with a Center, more current studies could be made available.)



Center for Equine  
Business Studies  
at Texas A&M University

Department of Agricultural Economics

2125 TAMU

College Station, TX 77843-2124

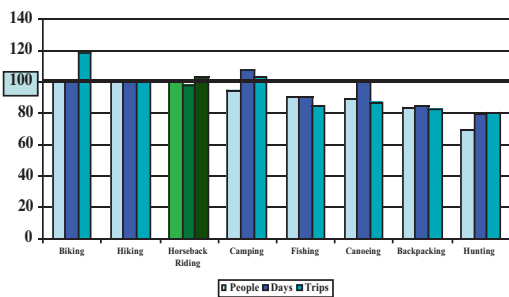
979. 845.1705

<http://cebs.tamu.edu>

## Projected Demand to 2020

Indexed to Projected Population Growth

National Survey on Recreation and the Environment: 1995



## Let Your Customers Build Your Brand

1. Ask customers what they think about your business (a CEBS designed survey can help).
2. Remind customers about the unique value of your business.
3. Quote your customers positive words.
4. Enlist customers as your ambassadors.
5. Reward customers for their loyalty.

source: American Express (with a Center, information could be customized to the horse industry)



## PEOPLE. PLACES.

**Dan Lawrence**, former director of marketing for the National Multiple Sclerosis Society, is now Senior Director of Marketing at the Arabian Horse Association in Aurora, Colo. His background includes marketing communications, advertising, publications, brand identity, direct mail, e-commerce and public relations. At the National Multiple Sclerosis Society, he was responsible for brand identity and marketing communications support for product lines generating \$200 million annually. Many of his Public Service Announcements have won international awards for excellence. *(press release)*

**Susan Alcalá** has joined Ariat International as its Director of Marketing in Union City, Calif. Alcalá comes to Ariat with more than 18 years of diverse marketing, promotions and communications experience at top companies including Revo Sunglasses and Mr. October Foundation for Kids. She also founded Link Promotions Group and co-founded Team 44, LLC, with baseball Hall of Famer Reggie Jackson.

As owner and founder of Link Promotions Group, she established this marketing and consulting firm to specialize in marketing strategy, promotions and sponsorships. Link Promotions Group represented a diverse clientele, including Sunglass Hut Inc., Infoseek and Vans Shoe Company to name a few. *(press release)*

The nation's only public equestrian high school will open this fall in Rochester, N.H. with 18 students. New Hampshire Equestrian Academy charter school students will meet in a home and two barns provided by veterinarian Grant Myhre. Officials plan to build an academic building center, an indoor arena, a small stable with school-owned horses, and a small building for equine studies classes. Traditional classes will also be tweaked with an eye toward equines. *(reported by John Whitson, The Union Leader)*

## MYSTERY GROWS IN TEXAS HORSE DEATHS

Purina Mills' Strategy Feeds has been exonerated in the deaths of 27 horses at a South Texas stable, but the stable owner now claims the horses may have been intentionally poisoned with toxic aluminum phosphide tablets.

The horses died after consuming Strategy feed treated by the owner with a routine pesticide to kill weevils. The owners placed the value of the horses at approximately \$100,000.

While an investigation continues by the Brazos County Sheriff's Department and the Texas Veterinary Medical Diagnostic Laboratory, area veterinarians assert that the amount of pesticide applied to the feed would not have killed that number of horses.

A \$1,000 reward has been offered for information leading to an arrest in the case.

## Market Watch

**VF Corporation reported** revenues rose 8% in the second quarter to a record \$1,566.8 million compared with \$1,452.1 million in the second quarter of 2005. Total revenues were up 6% in both domestic and international jeans businesses, including Wrangler brands.

■ **Tractor Supply Co.** reported its second-quarter profit rose 20 percent, although sales came up short of the \$720.6 million anticipated. Net income rose to \$42.9 million, or \$1.05 per share, from \$35.8 million, or 87 cents per share, a year earlier. Sales jumped 17 percent to \$714.9 million from \$613.2 million a year ago. ■ **Second-quarter profits rose 38 percent for Churchill Downs Inc.** With six racetracks in Kentucky, Florida, Illinois, Indiana and Louisiana, the company reported quarterly earnings of \$33.4 million, or \$2.45 per share, versus \$24.2 million, or \$1.80 per share, in the year-earlier quarter. ■ **Dover Saddlery Inc.** reported a 9 percent increase in revenue and an 8 percent increase in gross profit for its second quarter. The Littleton, Mass.-based company booked revenue of \$17.8 million in the second quarter, an increase of \$1.5 million over last year's second quarter. Gross profit rose to \$6.5 million for the quarter from \$6 in the 2005 second quarter.



# EYE ON GOVERNMENT

**Right To Ride Legislation** continues to languish in Washington after having been passed by the House and referred to the Senate in May. The reason? Apparently the horseback riding public isn't making enough noise.

The purpose of the bill, **HR586** and **S781**, is to preserve the use and access of pack and saddle stock animals on public lands, including wilderness areas, national monuments, and other specifically



designated areas. Basically, it allows recreational riders the ability to continue to enjoy the U.S. National Parks System.

Recreational trail riders, a group numerous surveys indicate far outnumber competitive riders, have a \$32 billion effect on the economy each year and supports 435,000 jobs nationwide, according to the American Horse Council. That's a lot of living quarters trailers, **Bonnie Davis**, a trail riding advocate and owner of Two Horse Enterprises, tells *Equibiz Now*. She says too many businesses are missing the trail riding boat.

"Walk into any horse business you can think of and ask them 'where are trails located?'. They can't tell you," she says. "Ask them 'Where can I horse camp?'. And again they can't tell you. The horse industry is more than horse shows, competition, auctions and racing. And if horse businesses want to expand to make more money and really succeed they have to start thinking about dollars generated by the recreational trail rider. They need to let their customer know."

The Senate will reconvene September 6. To learn more about the bill and what action to take, go to [www.horsecouncil.org](http://www.horsecouncil.org).



Scott Starnes, Executive Vice President

John Milano, center, cuts the opening ribbon

Richard Milano, President

## With Opening Under Their Belt Milano Hats Looking to Expand

Words welcoming guests to the opening of the Milano hat plant August 16 in Garland, Texas, had barely crossed the lips of President Richard Milano when he announced the company had already purchased four adjoining acres in anticipation of further expansion.

At 68,000 square feet, the Milano hat plant is the largest of its kind in the U.S. and according to Dorfman Pacific/Milano Executive Vice President Scott Starnes, plans to expand their market share will be aggressive.

"There is a finite dollar available in the hat

market, so our goal is to do better than the other guys and take that business," said Starnes. "We will attack anywhere we see an opportunity."

Price points range from \$20 to custom-made \$1,000 products. The company says the new factory will enhance its in-stock position and customer service.

The company will debut a Toby Keith signature line during the January Denver market. The line joins the top selling Larry Mahan collection and Justin Authentic Western Headgear.



Bobby Flay and mother Dorothy, photo courtesy Equi-Photo

Thanks in large part to the \$58,000 **celebrity chef Bobby Flay** spent on options to breed to two of the sport's top stallions, the Thoroughbred Retirement Foundation raised in excess of \$500,000 August 7 at its annual gala at the Saratoga Golf and Polo Club. The Thoroughbred Retirement Foundation is the nation's oldest and largest horse rescue operation. Funds raised will go toward the care of the more than 1,300 retired race horses under the group's care, horses who otherwise may have been subjected to abuse, neglect or slaughter.

Actress **Whoopi Goldberg** has adopted a New York Police Department horse that was injured when he ran into traffic. Ferguson, a 14-year-old gelding, is the second retired police horse the Oscar-winning actress has adopted, the *New York Daily News* reported. Retired NYPD horses had been sent to a farm in upstate New York, but that ended when it was discovered the horses were continuing to work.

## HORSE INDUSTRY:

### OFF THE BRIDLE PATH



Actor **Barry Corbin** and rodeo champion **Larry Mahan** will be the official trail bosses on the Great Trail Ride October 14 to benefit the Rocky Top Therapy Center in Keller, Texas. The ride will travel along the banks of the Trinity River and will kick off with a champagne breakfast. Call 817-431-2880. Cost: \$75 with horse. \$100 steed provided.



## SMARTER BUSINESS: Unwashed Data

block or portion of hay prior to feeding,” Dr. Gibbs explained. “If they can maintain about .75 % of horse body weight per day in long stem roughage, they’ll be able to keep the digestive tract healthy.”

Concentrate feeds that are higher in crude fiber than a horse owner might normally feed can be used to help decrease the need for long stem roughage. Feeds that are 14 % crude fiber or higher will help, allowing horse owners to cut back to as little as a half-percent of body weight per day in long stem hay.

“Tack and feed stores that work to partner with their customer in helping them face these drought issues are pro-

viding a valuable service to their customers,” said Ernie Davis, PhD, CEBS executive director. “Customers look for good advice from store employees since they often view them as peers in the

*“Tack and feed stores that work to partner with their customer in helping them face these drought issues are providing a valuable service to their customers.”*

industry. Researching your state extension service web site for helpful hints like this and on water conservation will be welcome resources. Have those ideas available on a flyer when they make their purchases or to hand to them when the

subject comes up in conversation, as it no doubt will.”

Davis also suggested store owners consider partnering with their local extension service in sponsoring a workshop on feeding for drought conditions.

“The drought will not end with cooler temperatures,” he said. “Your customer will like the idea that you are as interested in seeing them be good horse owners as you are in selling them that next bale of hay or bag of feed.”



Ensuring the integrity of the data generated by the Center for Equine Business Studies will be paramount to the goals and purposes of the Center. What you see will really be what the data says.

Call us to find out how to become a part of this exciting program.  
979.845.1705

## ON RELEASE: INDUSTRY BRIEFS

**Churchill Downs Incorporated** and **Magna Entertainment Corp.** announced Aug. 4 that they have entered into an agreement to cooperate in the bidding process for the New York racetrack franchise, which is currently held by the New York Racing Association and will expire Dec. 31, 2007. The two groups hope to join with New York-based businesses to ensure a strong New York racing industry, which they say is key to racing’s future.

The Morris Animal Foundation (MAF) selected the University of Minnesota’s College of Veterinary Medicine to receive funding for the first ever **Equine Consortium for Genetic Research** grant. The Equine Consortium for Genetic Research is said to enhance the ability of clinical and basic scientists to study genetic processes contributing to high priority equine diseases and enhance knowledge regarding normal cellular processes governing equine biology.

The **Return to the Remuda Sale**, in partnership with Superior Productions, will air its annual ranch horse sale on RFD-TV October 7th where Return to the Remuda consignments will be available to more than 29 million homes across the United States. The sale preview beginning at 10:30 a.m. CDT.

The state of **Texas** is in hot water with citizens who purchased license plates to support wildlife projects and state parks, many of which offer riding trails. The *Fort Worth Star Telegram* reported that only \$106,000 annually was budgeted out of a \$4.3 million fund – funds apparently used to balance the state’s budget. A study conducted by Texas A&M University determined that, while the parks do not generate enough revenue to offset their costs, the economic impact on surrounding communities is significant. State park advocates are cautiously optimistic that more funding will be allocated in the 2007 legislative session.

## YOUR POCKETBOOK

Leaving your small business to the kids or grandkids may be less of a headache as the House voted to exempt estates valued at less than \$5 million dollars from the death tax. In addition, the bill reduces the death tax on estates valued at more than \$25 million. The bill sets a lower tax rate for these larger estates that is equal to the capital gains tax rate. It’s likely a short term fix, however.

*EquiBiz Now* is a publication of the Center for Equine Business Studies and is dedicated to providing horse industry business news and information. Unsolicited manuscripts and photographs are welcomed, but cannot be acknowledged or returned without a self-addressed stamped envelope. No such responsibility is assumed for such material while in transit or in the possession of *EquiBiz Now*. Neither the CEBS or *EquiBiz Now* are responsible for the opinions or statements expressed in these submissions or obtained through news sources. For submissions, contact Julie Bryant at [julie@golatigo.com](mailto:julie@golatigo.com) or 817.443.0686.