

## Company profile

# “Horse feed is mainly bought

*The horse feed industry is a relatively young business with most products being sold in bags and small packages.*

*Marketing and purchasing behaviour are therefore important factors to consider.*

*Speaking is Rob Krabbenborg, product and marketing manager at Pavo, the biggest horse feed producer in the Netherlands.*

By Emmy Koeleman

“ In the old days, horses were kept to work on the farm or do other physical work. The feed consisted of oats and barley and any specific needs were not considered. Nowadays we have tractors and other machines that do the work and horses are kept for leisure and to exercise top-class sport (from dressage to show jumping and eventing).

This has also shifted the way we have to approach horse feeding. A top-class sport horse needs a balanced, high energy diet. A hobby horse on the other hand requires a different type of diet, having less energy for example. This all sounds logical, but it was only in 1968 that the first company in the Netherlands started to produce horse feed: Pavo.

### Production and sales

For the production of horse feed we have different locations in the Netherlands. The pellets are produced in Helmond, at a Nutreco facility. In Emmeloord we produce the horse muesli's and in Putten we manufacture the horse supplements (at the facility of Trouw Nutrition – also part of Nutreco). All these products come together in Heijen, the central warehouse and the location where the feed is bagged. Today we sell 60,000 tonnes of horse feed per year. Compared to our sister company Hendrix UTD, which produces 2.4 million tonnes for the Dutch market (livestock



**Rob Krabbenborg:** “The horse feed business acts locally. Horse owners don't want to travel long distances to get feed”



**Feeding horses muesli is very popular. It smells and looks good and the majority of the horse owners -women- are sensitive to buying such products over conventional pellets.**

(photos: Emmy Koeleman)

feed), this is a very small amount. However, the margins are relatively higher for horse feed, especially the horse feed in bags. Horse feed in bulk is a much more regional market because of the high logistic costs. That's why our activities in bulk are limited to the Netherlands, Germany and Belgium. Bagged feed we sell in about 20 countries all over Europe. In the Netherlands we are the biggest horse feed producer, in Belgium we are number two and in Germany we are beginning to reach the top three.

In the Netherlands we have 350 dealers that sell our products, in Belgium we have 180 dealers and in Germany we have 400 locations where our products are sold, and we want to grow to about 700. If you start your business in a new country in horse feed, creating a good dealer network is a very difficult challenge. It does not only take about 10 years to build up your brand, but also to create a good dealer network that you can work with for many years.

### Adding value

Despite being the first to start producing horse pellets in the Netherlands, we are no longer the only one on the Dutch and European market. Havens and Subli are the main competitors for us in the Netherlands.

# by young women”



If you have less than 10 horses, bags are still the easiest way to purchase feed. Pavo fills 360 bags per hour.



Large amounts of sugar can cause laminitis in horses. The product Pavo Nature's Best is therefore produced with low sugar amounts (only 2%).

Havens is (just like Pavo) a private company and Subli is owned by four regional feed cooperations in the Netherlands. In Germany our main competitors are Höveler, Eggersmann, Deuka, St Hippolyth, Nösenberger and Raiffeisen. Germany and the UK have a bit of an advantage as they have many horses and also the longest horse tradition in Europe. Dodson & Horrell and Spillers for example are big brands in the UK and these brands are also sold in other countries outside the UK. There are not a lot of horse feed brands that are successful in selling their products outside their “home-country”.

Because there is a fair bit of competition, we have to distinguish ourselves in one way or another. In other words, we are not only trying to sell a good bag of feed, but we include that with service, such as our specialised grooming team. The grooming team is a group of horse experts within our company that support horse owners with all their nutrition and health

related questions. We also recently introduced the online horse nutrition guide, which is available in different languages.

This new tool is an online software program that helps owners to optimise their feed management. By filling in the breed, sex, weight, age and type of exercise of the horse, people get a tailor made nutrition advice by email, together with some practical tips.

### Tasty muesli's

We also try to beat our competitors with marketing and packaging, which we consider an important issue in our business. How a bag of pig or poultry feed looks is not really important, however, a bag of horse feed needs to look good, professional and appealing to buy – just like in the pet food industry. This has everything to do with the majority of our clients; young women under 30 years old. It is just a fact that this group is sensitive to the way a bag of feed is marketed.

This knowledge has also led us to the development of our new horse muesli's, a tasty and nice looking mix of popped cereals (such as barley, maize and wheat), colourful raw materials such as carrots and luzern and of course the vitamin and mineral pellets.

Table 1 - Horse feed figures (indication)

Country	Number of horses	Total tons of horse feed sold
Netherlands	450,000	160,000
Belgium	250,000	100,000
Germany	1,000,000	320,000
UK	900,000	200,000
France	800,000	210,000
Spain	400,000	150,000
World	60,000,000	2,500,000

## Company profile



The cardboard big box has been developed in cooperation with packaging company SCA. The box can carry 750 kg of pellets or 500 kg of muesli. It is filled in less than 10 seconds.

The mueslis look so appetising that you are almost tempted to mix it with your yoghurt in the morning. The popping of the grains is not something we do only because it looks nice. If you pop the grains the starch digestibility increases.

Starch digestibility is very important for horses as they have difficulties with starch when it is not digested in the small intestines. The undigested sugars and starch enter the large intestine and caecum and feed the bad bacteria. The toxins produced by these bacteria in turn enter the bloodstream and can cause health problems such as laminitis. At Pavo we therefore include minimum amounts of sugar in our products and we work with popped grains. However, these popped grains are twice as expensive as normal grain (€48 compared to €24 per 100 kg).

This has to do with the extra labour involved and the transportation costs. A normal feed truck can transport 30 tonnes of normal compound feed and only 8-10 tonnes of popped grains.

### The big box

Not only the label and the feed has to look good, the packaging also has to be convenient and practical for the horse owner. If you have one to four horses, bags are the most convenient. You need little storage space and the products remain fresh for a long time. When you have more than 20 horses bulk is mostly used. However, selling bulk horse feed is not the most profitable business and we therefore focus on the

small quantities. We used to have only the bags and the bulk, nothing in between. When a horse owner has about 10 horses, they easily feed more than 400 kg per month (this is 16 bags). However, installing a feed silo is only economical when you feed more than 1,500 kg per month. For these people, who “fall in between bags and bulk” we have created the big box. This new type of packaging has been developed in cooperation with packaging company SCA. It is like a paper silo that contains 750 kg pellets or 500 kg muesli. The big box costs €11. After introducing this new packaging, we noticed that 10% of the people moved from buying bags to big boxes.

### Olympic Games

The horse feed business is a relatively small business. Marketing, purchasing behaviour and product sizes are important issues that mark this industry. In this sense, the horse feed industry leans more towards the pet food industry than the farm animal feed business. At Pavo we constantly look for ways to better serve the horse owners, not only by better and more convenient packages (such as the big box), but also with high quality nutrition advice and online tools for an optimum feeding strategy for horses. However, the current focus at Pavo is shipping our feed to China, to serve Dutch, German and French horses during the Olympic Games. Although this is not an easy task, we guarantee that the Olympic horses will get our products in time!” ●