

# Bidder Demographics and Assessment of Marketing Strategies for Student-Managed University Horse Auction



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## Abstract

The purpose of this study was to determine selective bidder demographics and effective marketing strategies for a university managed and produced horse auction. Like many colleges and universities, operational funds are generated by the auction of horses for the University of Arkansas' D.E. King Equine Program. The annual Razorback Roundup Horse Auction utilizes this fund raising strategy and has to date raised \$235,303.00. An 81% response rate of registered bidders was obtained for this two-year study. Data revealed that respondents were 40% more likely to purchase a horse privately than through an auction, and 69% had attended fewer than six horse auctions in the five years preceding the University of Arkansas' Razorback Roundup Horse Auction. Over half of the registered bidders were supporters of other D.E. King Equine Program sponsored events, and 46.5% were affiliated with the University of Arkansas. Data revealed that 44% of respondents learned of the auction through word of mouth and the D.E. King Equine Program website. Only 5% of respondents learned of the auction through state and weekly newspapers.

## Introduction

Two University of Arkansas (UA) D.E. King Equine Program (DEKEP) courses, Horse and Livestock Merchandising and Equine Behavior and Training work in concert during the fall semester to teach students various facets of the equine industry. At semesters end, the student-trained horses are offered for auction at the annual Razorback Roundup Horse Auction (RRHA), which is produced and managed by students in the Horse and Livestock Merchandising class. Students enrolled in Horse and Livestock Merchandising are taught how to market horses for different venues, including elite and local markets. Marketing classes allow enrollees to gain valuable experience from professionals in the equine community. Students favor this integration of guest speakers from industry (Henneberry, 1990, Jack and Eversole, 1997). Research has shown that students are more interested in learning and were positively affected by interacting with industry leaders (Stoll, 1988). Students enrolled in Horse and Livestock Merchandising learn how to choose the most cost-

effective markets for livestock to maximize profits, the intricacies of marketing livestock, and how to produce a livestock auction. Mies and Harkey (1989) proposed that a successful marketing class is one that provides students with the knowledge and information needed to market the product effectively. It must contain realism and practical application.

Students enrolled in the Equine Behavior and Training class are matched with horses produced within the DEKEP or that have been donated to the Program. They learn training techniques in a classroom setting and apply these techniques to their assigned horse during laboratory sessions at the farm. Enrolled students design a training plan and maintain a training journal documenting their project horse's progress throughout the semester. These journals are available for inspection by prospective buyers and given to the new owner at the end of the auction. The entire process is designed to mimic the work that a professional trainer would be expected to do for their clients. Tyler (1981) stated that for young people to make the transition to adulthood they must have opportunities for actual work experiences. Further, having those experiences encouraged on campus, in an academic environment is beneficial. In 1993, Bekkum conducted a national study exploring opinions of agricultural industry managers about the needs of new employees with BS degrees. He found that actual work experience is very highly valued.

The RRHA teaches students effective livestock marketing through hands-on experience and generates income for the DEKEP. The auction format was chosen because it eliminates many concerns associated with other types of marketing (Massard and Tucker, 2007). The number of horses offered for this annual event is typically between 16 and 20, and is primarily dependent on the number of students enrolled in the Equine Behavior and Training class. Earnings produced from the horse sale are used to support the primarily self-funded DEKEP (Table 1). To date the RRHA has generated \$235,303.00. The profits are used to support all care of the horses, one technician position, and all labor at the farm. This educational fundraising strategy is employed at various colleges and universities. At the RRHA an open-bid, single-item, last price auction format is used.

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Advertising for the RRHA is critical. Since its inception in 2001, marketing and advertising strategies were developed utilizing DEKEP websites, national equine marketing websites, flyers, posters, word of mouth and state and local newspaper advertisements. However, no published data on demographics of horse auction customers was discovered. Therefore, to determine bidder demographics and

2005 and 2006 RRHA had learned about the horse auction.

## Materials and Methods

A researcher-developed, 13-item survey instrument was created to discover bidder demographics, previous horse buying patterns, and to discover where registered bidders had learned of the annual RRHA. The instrument was reviewed by a panel of experts for face and content validity, and was subsequently approved by the UA Institutional Review Board (IRB). Patrons requesting bidder numbers were invited to participate in the survey during

**Table 1. Razorback Roundup Horse Auction results in dollar amount by year**

Year	# of Horses Sold	Gross Sale Income	Sale Average
2002	17	\$24,125.00	\$ 1,419.18
2003	18	\$28,301.00	\$ 1,572.28
2004	22	\$52,200.00	\$ 2,372.27
2005	18	\$43,749.00	\$ 2,430.50
2006	24	\$42,300.00	\$ 1,762.50
2007	18	\$44,628.00	\$ 2,479.33

better marketing strategies, a survey was created to increase knowledge of buyers at the RRHA.

In describing the best use of profiling to identify customers Ratner (2001) pointed out that descriptive profiles, like those collected for this study, provide relevant characteristics of a target group. They are commonly used by direct marketers attempting to improve the effectiveness of their advertising campaigns. He went on to illustrate their use as an integral part of a complex system that might prove even more effective. As reported by Iyer et al., (2005), by advertising less to shoppers who might shop by comparison, and more to those consumers who have a strong preference for particular product, "wasted" advertising can be minimized. Furthermore, product differentiation (the product is perceived as unique or different than that of the competition) can be better achieved by using this method.

The purpose of this study was to determine registered bidder demographics of the 2005 and 2006 RRHA, and to discover where bidders had learned about the sale. Bidder demographic information and successful marketing strategies from previous auctions could be used to target future bidders, shape future advertising strategies and maximize effectiveness of advertising funds.

## Objectives

1. Determine selective demographics of registered bidders of the 2005 and 2006 RRHA.
2. Determine if registered bidders of the 2005 and 2006 RRHA had an association with the UA.
3. Determine where registered bidders of the

registration, and were asked to respond to all questions that applied. Out of 236 registered bidders in 2005 and 2006, 192 completed the survey, yielding an 81% response rate.

## Results and Discussion

Of the 192 respondents, 51.6% had attended between one and five horse auctions in the five years before the RRHA that they had attended. The number of respondents who had never attended a horse auction before the RRHA was 41, or 21.4%.

Results of age bracket and gender questions posed revealed 105 or 53.8% of respondents were male, and 59 or 30.7% of respondents were between 40 to 49 years of age. Results of questions posed about previous equine purchases and RRHA attendance can be seen in Table 2. Data revealed that 52% of respondents had attended a previous RRHA, and 58% had attended an additional DEKEP equine event. Of total respondents, 17% stated they had bought a horse through a previous RRHA, 91% had bought a horse privately, and 51% had bought a horse through an auction.

Respondents were asked to list any affiliation they had with UA. Results can be seen in Table 3.

Of respondents, 46.5% reported a UA affiliation. The greatest number of those with UA affiliation was UA graduates at 14%. UA graduates, current students and parents of students made up 29% of respondents.

Respondents were asked to how they heard about the RRHA, and were given choices of the venues used to publicize this event. Table 4 lists the venues used

**Table 2. Responses to horse purchase history and RRHA attendance by 2005 (n = 84) and 2006 (n = 108) RRHA registered bidder respondents**

Inquiry	Responses by Year								Total Responses			
	2005				2006				Yes		No	
	Yes	%	No	%	Yes	%	No	%	Yes	%	No	%
Previously attended RRHA <sup>z</sup>	46	54.8	38	45.2	54	50.0	53	49.0	100	52.1	91	47.4
Purchased a horse at public auction	43	51.2	41	48.8	54	50.0	54	50.0	97	50.5	95	49.5
Purchased a horse through previous RRHA	17	20.2	67	79.8	16	14.8	92	85.2	33	17.2	159	82.8
Purchased horse privately	78	92.9	6	7.1	97	89.8	11	10.2	175	91.1	17	8.9
Attended another UA horse event	49	58.3	35	41.7	62	57.4	46	42.6	111	57.8	81	42.2

<sup>z</sup>RRHA has been held annually since 2001.

## Bidder Demographics

and the respondent's answers by category. Results revealed that word of mouth was the most successful advertising venue, followed by the DEKEP website.

rated to increase interest in this event through word of mouth. Clearly, the majority of the successful bidders have contact with the UA, and promoting this fundraiser 'in house' should be of the utmost concern when developing an advertising strategy.

Likely, that demographics of buyers and marketing strategies reported here could be extrapolated to use in other programs and could be of interest to NACTA readers that conduct sales or auctions. Furthermore, this study could be expanded to test the effectiveness of a revised marketing plan that incorporates the findings of this study.

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**Table 3. Respondent's UA Affiliation in 2005 (n = 84) and 2006 (n = 108)**

UA Affiliation Reported by Respondents	Responses					
	2005		2006		Total	
	n	%	n	%	n	%
Student	7	7.6	7	5.8	14	6.6
Parent of Student	7	7.6	11	9.1	18	8.5
Program volunteer	6	6.5	8	6.6	14	6.6
UA graduate	12	13.0	17	14.1	29	13.6
UA employee	8	8.7	3	2.5	11	5.2
Nettleship Society member <sup>2</sup>	0	0	3	2.5	3	1.4
Other	4	4.3	6	5.0	10	4.7
No Reply	48	52.2	66	54.5	114	53.5

Note. Respondents were asked to check all that apply. Number of responses was 92 in 2005 and 121 in 2006.

<sup>2</sup>Nettleship Society is a group of donors who support the D.E. King Equine Program through a series of monetary donations.

**Table 4. Advertising venue where respondents learned of the RRHA by percentage (n = 192)**

Advertising Venue	Year					
	2005		2006		Total	
	n	%	n	%	n	%
AR Democrat Gazette (State-wide newspaper)	3	3.4	10	8.6	13	6.4
Local weekly paper	2	2.3	7	6.0	9	4.4
Star Shopper	9	10.2	10	8.6	19	9.3
Morning News	2	2.3	1	0.9	3	1.5
Horsemen's Roundup	3	3.4	8	6.9	11	5.4
Word of Mouth	25	28.4	22	19.0	47	23.0
Posted flyers	2	2.3	2	1.7	4	2.0
DEKEP website	19	21.6	27	23.3	46	22.5
National horse websites	4	4.5	2	1.7	6	2.9
Other	0	0.0	21	18.1	21	10.3
No Reply	19	21.6	6	5.2	25	12.3

Note. Respondents were asked to check all that apply. Number of responses was 88 in 2005 and 116 in 2006.

## Summary

By determining characteristics of potential bidders the DEKEP can effectively target those bidders likely to purchase a horse at a student-managed auction, and increase program revenue. Respondents were 40% more likely to purchase a horse privately than through an auction, and a majority (69%) had attended fewer than six horse auctions in the five years preceding the RRHA, which suggested they had little recent horse auction experience. Over half of the registered bidders were supporters of other DEKEP-sponsored events, and many were affiliated with the UA. Based on these findings it can be concluded that in addition to targeting a typical horse auction bidder, focus should be on marketing and advertising to horse auction neophytes who are associated with the UA.

It is apparent when reviewing advertising venues that cost of advertising doesn't necessarily reflect advertising effectiveness. Word of mouth and the UA website were where 44% of registered bidders learned of the RRHA. State and local papers were where 7% of the respondents heard of the Razorback Roundup Horse Auction. Advertising in the Star Shopper, a weekly sales paper was responsible for attracting 9% of respondents to this event. Based on the results of this longitudinal study, it is apparent that a larger proportion of the advertising budget should be spent on the DEKEP website. Strategies should be incorpo-