

INNOVATIONS IN THE EQUINE SECTOR IN LATVIA**Sandija Zeverte-Rivza**, Mg.oec.; **Liga Paula**, Mg.sc.soc.

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Abstract. Despite the gradually declining number of horses, horsemanship has long-standing and strong traditions in Latvia; although, the role of horses and the equine sector in general has changed tremendously during the past century. If 50-100 years ago horses were mainly kept in rural farms and used for transportation, agriculture and forestry, and the main product of the equine sector was the horse itself, then, currently the equine sector has changed to become a sector that provides mostly services – trail rides, riding lessons, horse boarding, and recreation. The horse, which traditionally has been a core product, remains only as one component of the equine sector. Contemporary, challenges related with animal welfare, environmental issues, horse and service quality, safety issues, economic performance, and financial support available for equine businesses as well as new trends in customer needs require equine entrepreneurs both the ability to adapt to rapid changes and innovative solutions. These issues were investigated during the **INNTEREG IV project “Equine Industries Promoting Economically Competitive and Innovative Regions”** (INNOEQUINE) from 2011 to 2013. This article highlights the current structure of the equine sector, presents statistical data analysis and the results of three focus group discussions regarding the challenges and possible solutions for advancement of the equine sector and its performance in Latvia. The authors conclude that, even though, the number of horses is decreasing, the equine sector shows a development potential for the future that should be promoted with an innovative and entrepreneurial approach for developing and marketing new services within the sector.

Key words: equine sector, rural entrepreneurship, equine related services, innovative practices.

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Introduction

The equine sector has been subjected to large changes over the last half of the 20th century. While in the past horses were vital for industry, agriculture, transport, and the military activities; currently horses and ponies are kept for recreation and sports, thus, horses have become an important part of the modern life-style (Hägglom M., Rantamäki-Lahtinen L., Vihinen H., s.a.). For almost four thousand years, the horses were mainly used during war but, of course, they also played an important role in times of peace, the most obvious uses being in agriculture, forestry, and transport. In addition to agricultural work, horses were used in mines, drawing coal wagons, and supplying power for many other pieces of heavy machinery (Edwards E.H., 1987, Liljenstolpe C., 2009).

As late as in the 1960s, horses were still primarily used as working creatures in agriculture and forestry. Though, during the latest decades, horses have been used mainly in equestrian sports such as trotting races and, increasingly, horseback riding. However, the logic of the equine industry has completely changed, as pointed out above: the working horse has been replaced with leisure, sports, and recreation horses (Eklund E. et al., 2006).

Similarly to the global tendencies in the horse use, the equine sector has also changed in Latvia, and now the horses are mainly used for recreation, sports and tourism. These changes require adaptation from the horse owners and service providers. Another relevant aspect of the equine sector in particular locality is its role in diversification of local economy as it can become a part of the neo-endogenous rural development model underlying rural development policies of many countries in contemporary Europe. This is discussed by many scholars and practitioners in rural development literature (e.g. Galdeano-Gomez E. et al., 2011). An important aspect of local development is the relationships between town or city and countryside in association "with the transfer of resources from the urban to rural economy" (Van der Ploeg et al., 2000:397). In the equine sector, this opens a space for innovative ideas how to diversify farm activities and develop horse related activities that generate additional income helping equine entrepreneurs sustain their farms by additional income sources generated outside traditional horse breeding (Paula L. et al., 2013).

Therefore, the aim of the research was to investigate the innovations in the equine sector in Latvia. To fulfil this aim, the authors set several tasks: to develop a general classification of the sector, to make an analysis of the equine sector in Latvia, and to define the challenges and innovative practices in the equine sector. The monographic, analysis and synthesis and focus group analysis methods were used to fulfil these tasks.

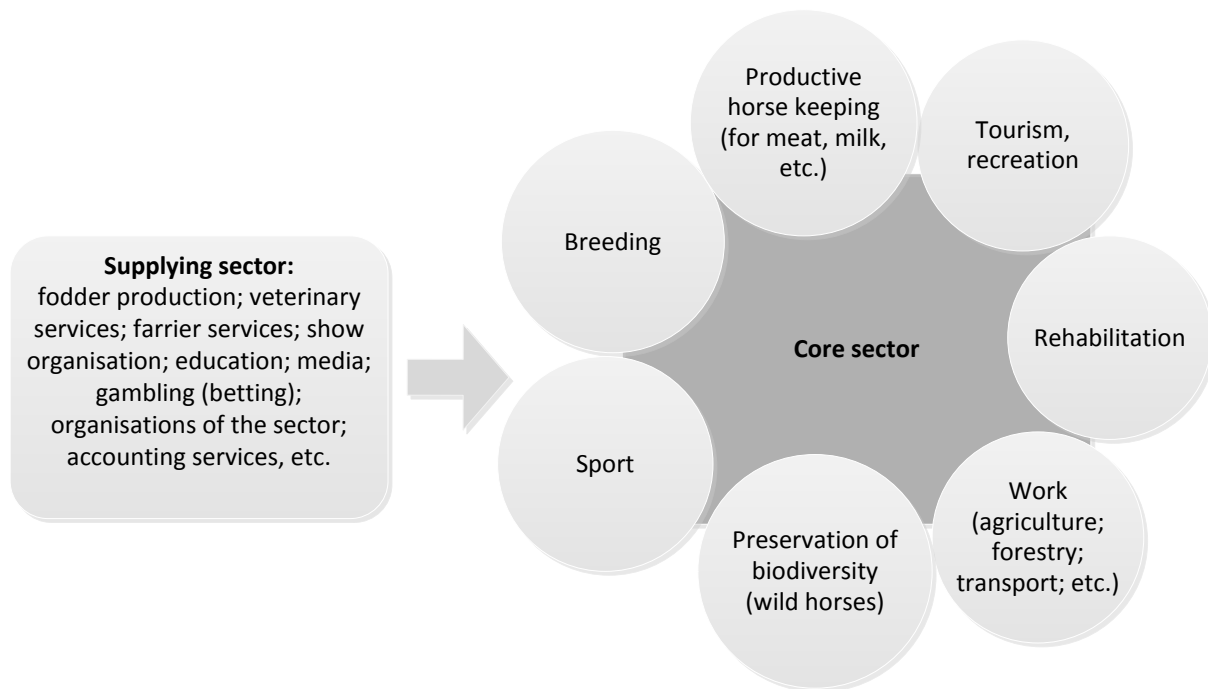
Materials and methods

In order to analyse the current situation and challenges as well as innovative practices in the equine sector in Latvia, the authors use the latest statistical data. However, as in Latvia only few annually collected data parameters are available describing the equine sector. Therefore, three focus-group discussions 2-3 hours of lengths where organised in different regions of Latvia in 2012: in April - in Jelgava (Zemgale region), in June - in Kuldīga (Kurzeme region), and in July - in Saulkrasti (Vidzeme region) in order to obtain more specific data on the current state and the main challenges that the sector faces as well as innovative practices in the equine businesses. Representatives of the equine sector (horse breeders, equestrian sports, trainers and instructors, horse owners, associations), Zemgale and Kurzeme planning regions, tourism industry, the Latvian Rural Advisory and Training centre, the Ministry of Agriculture of the Republic of Latvia, mass media, and researchers of Latvia University of Agriculture participated in the discussions. As focus groups combined opinions from diverse set of actors both directly and indirectly related with the equine sector, this allowed gathering thematically various insights from within the industry. The main areas of interest during the discussions were drawn to innovative practices related with horse welfare, breeding and use of horses, attraction of customers and quality of provided services, safety and legal aspects. Mutual cooperation between equine businesses as well as collaboration with other economic sectors (tourism, recreation, health sector) was raised as an important issue during discussions. These discussions were conducted within a framework of the international research project INNOEQUINE "Equine Industries Promoting Economically Competitive and Innovative Regions" (2011-2013). The project was funded by the Central Baltic INTERREG IV A programme 2007-2013 and carried out by MTT Agrifood Research in Finland (project manager), Helsinki University, the Swedish University of Agricultural Sciences, and Latvia University of Agriculture. It should be pointed out that this project was the first attempt in Latvia trying to analyse the state of the equine sector by capturing a number of various aspects.

Research results and discussion

1. Equine sector in Latvia: challenges and opportunities

As mentioned above, the equine sector has changed in several categories and with the broadened use of horses also **the structure of the sector** itself has widened. In the current research, the equine sector was divided into two groups – the core sector and the supplying sector (Figure 1).



Source: authors' construction based on A Report of., 2004, Korpa V., 2013

Fig. 1. **Division of the equine sector**

Historically, the core sector included three groups: productive horse keeping for the production of meat and milk, work (in agriculture, forestry, military, and transportation), and breeding. Nowadays, this classification could be expanded to seven groups: three groups mentioned above and four new groups - sport, tourism and recreation, rehabilitation, and preservation of biodiversity. In correspondence to the diversification of the core sector, also nowadays the activities included in the supplying sector are rather diverse – starting from the goods and services directly linked to horses and riders/drivers, like fodder production, veterinary services, farrier services, clothing and equipment to services linked with the organisation of the whole sector - education, media, NGOs. There are also several services that are distanced from the horses themselves but necessary for the actions of equine enterprises, for example, accounting services that also should be included in the supplying sector. This classification of the sector was jointly created within the INNOEQUINE project (2011-2013), thus, it reflects the equine sector in the involved countries – Latvia, Finland, and Sweden. The joint efforts allowed concluding that the structure of the equine sector in Finland and Sweden is similar but it differs from the equine sector in Latvia mainly in the popularity of trotting and galloping races and the betting activities connected with these races. The second distinction in the equine sector in Latvia is the keeping of wild horses for the pasturing of protected nature territories that is not common in Finland or Sweden.

To analyse the current state of the equine sector in Latvia, the authors gathered the statistical data about the sector. Yet, it has to be stated that, unfortunately, official and detailed statistics on employment, salaries, economic performance, and activities related with the use of horses in equine businesses in Latvia is not available as the equine sector is included in common agricultural statistics. It was possible to gather annual data regarding the number of horses in Latvia and movement of horses, as all horses in Latvia are registered in the Agricultural Data Centre (Agricultural Data Centre).

Table 1

Number of horses in Latvia (2006-2014)

Horses	01.01. 2006	01.01. 2007	01.01. 2008	01.01. 2009	01.01. 2010	01.01. 2011	01.01. 2012	01.01. 2013	01.01. 2014
Horses (in total)	14701	14040	13443	13115	12593	12039	11476	10920	10667
<i>Horses (in total), BGT*</i>	-	<i>95.50</i>	<i>91.44</i>	<i>89.21</i>	<i>85.66</i>	<i>81.89</i>	<i>78.06</i>	<i>74.28</i>	<i>72.56</i>
Mares	8029	7692	7375	7205	6933	6622	6305	6036	5918
<i>Mares, BGT</i>	-	<i>95.80</i>	<i>91.85</i>	<i>89.74</i>	<i>86.35</i>	<i>82.48</i>	<i>78.53</i>	<i>75.18</i>	<i>73.71</i>
Horses	6672	6348	6067	5910	5660	5417	5171	4884	4749
<i>Horses, BGT</i>	-	<i>95.14</i>	<i>90.93</i>	<i>88.58</i>	<i>84.83</i>	<i>81.19</i>	<i>77.50</i>	<i>73.20</i>	<i>71.18</i>
Stallions	36	49	68	76	74	74	62	59	55
<i>Stallions, BGT</i>	-	<i>136.11</i>	<i>188.89</i>	<i>211.11</i>	<i>205.56</i>	<i>205.56</i>	<i>172.22</i>	<i>163.89</i>	<i>152.78</i>
Foals (0- 6 months)	106	121	107	78	50	41	46	47	51
<i>Foals (0-6 months), BGT</i>	-	<i>114.15</i>	<i>100.94</i>	<i>73.58</i>	<i>47.17</i>	<i>38.68</i>	<i>43.40</i>	<i>44.34</i>	<i>48.11</i>
Young horses (6-36 months)	2127	2120	2048	2102	1976	1741	1480	1427	1443
<i>Young horses (6-36 months), BGT</i>	-	<i>99.67</i>	<i>96.29</i>	<i>98.82</i>	<i>92.90</i>	<i>81.85</i>	<i>69.58</i>	<i>67.09</i>	<i>67.84</i>

* **BGT – base growth rate**

Source: Agricultural Data Centre, 2014

According to the data, the total number of horses is gradually declining, and it has decreased by 28% in 2014 compared with the year 2006. The largest decrease is in the number of foals from 0-6 months and, consequently, in the number of young horses compared with the base year (2006) - by 52% and 33% respectively. The only increase is seen in the number of stallions that can be explained by the subsidies available for the licensed stallions and the rather liberal approach to the licensing of stallions; although, the efficiency of the increase of the number of stallions is controversial compared with the decreasing number of horses.

The data of the horse herds in Latvia show that there is a permanent trend for a number of horse herds in Latvia to decline. Vast majority of the small herds having 1-5 horses is concentrated in Latgale region; whereas, bigger herds with 6-20 horses in a stable are allocated around Riga and Vidzeme region. There are no stables having more than 200 horses from 2010. The largest decrease is observed in the horse herd group of 1-5 horses, there are mainly farm horses that are traditionally kept in rural regions, especially Latgale region and used for farm work and transportation in this group. But as the generation that has traditionally used horses for the mentioned purposes is aging, this group has decreased by half in the period from 2006 to 2014. Positive trend is the annual increase in the group of 6-10 horses that shows the increasing tendency to keep horses in small, mostly family owned stables and using them for leisure and hobby sport activities.

Table 2

Horse herds in Latvia (2006-2014)

Herd size (horses)	01.01. 2006	01.01. 2007	01.01. 2008	01.01. 2009	01.01. 2010	01.01. 2011	01.01. 2012	01.01. 2013	01.01. 2014
Horse herds (in total)	9145	8327	7600	7055	6576	6093	5567	5047	4650
1-5	8914	8082	7343	6783	6300	5828	5287	4768	4362
6-10	95	107	112	122	118	110	131	124	140
11-20	72	71	80	79	83	84	89	90	73
21- 50	50	54	51	57	62	57	44	51	61
51 – 100	10	9	10	10	9	10	13	10	10
101-200	2	3	3	3	4	4	3	4	4
201-500	2	1	1	1	0	0	0	0	0
over 500	0	0	0	0	0	0	0	0	0

Source: Agricultural Data Centre, 2014

The analysis of the movement of horses shows several positive trends in the sector – firstly, the number of slaughtered horses and horses for slaughtering is decreasing, although, the number of dead horses has increased in 2014. The most important positive aspect is a gradual increase of the number of exported horses, especially from the year 2010. The number of imported horses is also increasing and it is also a positive trend that shows the growing interest in horse related activities. Yet, some of the imported horses are exported further and they appear in the horse movement data in the import and export sections as “transit animals”. It is still a positive trend showing the diversity of actions of the equine sector and a potential of equine entrepreneurs to be connected both with the Western and Eastern horse markets.

Table 3

Horse movement (2006-2014)

Activity	01.01. 2006	01.01. 2007	01.01. 2008	01.01. 2009	01.01. 2010	01.01. 2011	01.01. 2012	01.01. 2013	01.01. 2014
Removed horses (in total)	2015	2470	2971	2740	2518	2419	2677	2403	2132
Slaughtered horses	624	665	601	580	582	532	639	584	433
Horses for slaughtering	368	433	437	434	418	403	521	416	297
Dead horses	262	336	357	339	235	224	197	205	270
Imported horses	69	50	12	23	108	270	439	639	579
Exported horses	431	459	304	342	428	612	784	902	752

Source: Agricultural Data Centre, 2014

Overall, although, the number of horses is decreasing, there are several positive trends in the sector that evidence the vital capacity and the development potential of the equine sector of Latvia.

2. Innovations in the equine sector: results of focus group discussions

Focus group discussions revealed a number of challenges that the equine sector faces in contemporary society and economic situation. One of the issues raised in the focus groups was related with **understanding of how narrowly (traditionally) or broadly the equine sector was defined** by different stakeholders and rural development agents. Shared position or opposite point of view of agents both directly and indirectly linked with this sector (national and local policy makers, equine businesses, tourism agencies, local people, and potential customer groups) influences the way of thinking about the horses and horse related activities. This, in turn, underlines interpretations of what contribution the equine sector can give to local economy, what agents should cooperate in the development of new services and products, and what kind of supportive policy should be developed. Representatives of the stakeholders and even equine businesses did not share common understanding of what activities the equine sector actually involves or might involve in the future, and this, in turn, underlines their understanding of possible innovations and cooperation practices (Paula L. et al., 2013). Though, the equine sector in Latvia is understood and supported by the state as an agricultural activity, there are other rural development policy instruments available (e.g. LEADER) that can be used to support innovations in the equine sector; however, unfortunately they are not sufficiently used yet (Lunner Kolstrup, C. et al., 2013). Great part of the equine entrepreneurs, national policy makers, and sectoral associations believed that equine related activities comprise solely horse breeding and equine sports; whereas, other entrepreneurs, representatives of tourism industry and other agents supported the expanded definition of the equine sector including horse related recreation, tourism, and therapy.

The stakeholders stressed that the development or review of **the normative requirements** was needed, particularly, in relation to the safety and other requirements (border crossing, horse welfare, quality standards, and evaluation) in horse breeding, using of horses for tourism, recreation, therapeutic riding etc. Provision of therapeutic riding in Latvia is problematic as there are difficulties to obtain the corresponding certificate.

It was acknowledged several times during each discussion that **closer and more coordinated cooperation and dialogue was needed** among the stakeholders. Cooperation between the horse breeders and the riders in preparing of horses is insufficient, which results in mutual reprimands: the breeders would not be able to breed good horses but the riders would not be able to prepare them in a professional manner. The establishment of places for training of young horses and sales horses could be implemented through cooperation.

Majority of the farms are very small which makes their **survival and future development** difficult, because breeding and training of good quality horses is expensive. Entrepreneurs admitted that the lack of funding within the industry was crucial, for example, the certifications were too expensive for small stables, and profit was small. Also, the state support is provided only for breeding. Another issue is that horse businesses are owned and ran by enthusiastic people which do not treat their business as serious economic activity. This attitude accompanied by the lack of marketing, project writing, and customer oriented communication skills leads stables to survival strategies rather than serious business oriented planning of their activities. Lack of foreign language skills diminishes opportunities of successful international cooperation.

Obtaining of **formal professional education and continuing education** is problematic in Latvia, which could be partially solved by involving project funding, using the current possibilities within Latvia University of Agriculture, and by seeking possibilities abroad. Educating trainers is also important.

It was concluded during the discussions that **popularisation of equine sector** and the services and fields related with the use of horses was needed both in Latvia and abroad by creating common information networks and the image of the industry by popularising achievements of the industry in fields of sports, breeding, tourism etc. A lot can be achieved in this field by cooperating with mass media. There were proposals of cooperation with schools and nurseries so that children could get familiar with horses and develop their interest from early age.

In Latvia, changes in the equine sector provide new opportunities for the equine business; however, the sector faces also new challenges and difficulties which were already discussed and which often force equine entrepreneurs to look for the innovative approaches and solutions how to respond to the needs and demands of the contemporary customer. For most of the customers, the horses mean lifestyle, hobby, and recreation; and for individuals and families from urban areas, the horses provide an opportunity to create a link with a nature (Paula L. et al., 2013). It was pointed out in the discussions that, in terms of services, new challenges meant that equine businesses had to find their ways of either specialisation or diversification and of substantial improvements in service quality. Other challenges for successful business are related with the horses: selection of the type and breed of horses, animal characteristics, performance and adequate training level, environmental and safety issues.

Regarding services, information for the clients is provided by the websites of the stables and the tourism information centres but still major reliance on informal and verbal advertising from one client to another is observed. Innovation in this field could be the creation of a common information system and interactive maps which would summarise the information on the available services. It was admitted that customer needs and preferences should be investigated as well as their feedback asked.

Livery stable is one of the services which should be developed, especially near the big Latvian cities. This service could provide rather regular income to the entrepreneurs, which cannot always be guaranteed, for example, by tourism or horse sale.

Some interesting innovative services and events were mentioned during the discussions, for example, stables offering horse keeping outdoors 24/7, Natural Horsemanship horse training or untraditional medical services like chiropractic, massage, or homeopathy for horses. There are also a range of services offered for people that are not professionally involved in horses, for example, use of horses in the wedding ceremony or ponies that are used to deliver birthday or Christmas greetings to children (as a horse mail). Within the framework of the project supported by the youth international project agency, the **riders club "Demora" cooperated with the young people from the orphanage and the disabled children.** The children learned grooming, feeding, handling the horses and riding as well. This cooperation resulted **in a stage play "Power Stemming from Horses", which was performed within the region and some other places in Latvia** (Korpa V., 2013). Riding services are offered to those people who do not wish to or cannot be actively involved in sports themselves anymore, thus, people still retain interest and close connection with horses. This was mentioned as important group of customers.

In order to raise public interest in horses and their use, public shows with involvement of horses should be organised more, for example, family days, horse days etc. At the same time, the public has to be educated that the horse, being a large animal, requires special attention and careful handling. The

mass media play an important role in educating the public and informing about horses and the possibilities of their use. It was concluded that it is important to find some innovative solution, services which would be interesting to the journalists and they themselves would be ready to prepare articles and stories, which would serve as free advertising for the entrepreneurs. This approach has been used by *Adventure Ride*, because the media had become interested in the several day trail rides offered by this stable.

It was proposed to develop pilot projects for cooperation with schools and nursery schools where children from early age could have the possibility to familiarise themselves with the horses and the equestrian sports. It was acknowledged during the discussion that people had insufficient information and knowledge or they had developed stereotypes or misleading perceptions, thus, the interest towards equine sector is not developing (Paula L. et al., 2013).

Conclusions

1. Although the number of horse is decreasing, there are several positive trends in the equine sector that evidence development potential of the equine sector in Latvia – the number of small stables (6-10 horses) is increasing and the number of imported and exported horses is also increasing. The largest decrease is observed in the group of horse herds from 1-5 horses. These are mainly work horses in the farms, thus, affirming that the use of horse is changing from the farm animal to the companion in leisure and sport activities.
2. Regarding the understanding of what is equine sector and innovation possibilities, two trends were observed during the focus group discussions: great part of the entrepreneurs and other agents view equine sector solely as horse breeding and equine sports, whereas, other expand their vision involving also recreational, tourist, and therapeutic activities.
3. It was admitted that stronger cooperation between the breeders and the entrepreneurs is needed. Improved cooperation is needed also among other agents directly and indirectly involved in the sector. Mutual experience sharing events could be organised providing the entrepreneurs of the sector with the possibility of sharing their experiences.
4. In order to be successful, equine businesses should decide on behalf of specialisation or diversification. Diversified offer allows being economically resilient, while specialisation ensures greatest professionalism in particular type of activity.
5. Studies and client surveys should be conducted to find out what the clients are interested in and how much they are prepared to pay for particular services; what is interesting for local tourists and what kind of activities might attract foreign tourists. More efforts should be devoted to educating the public through mass media and disseminating the information through Internet resources.

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