

7<sup>th</sup>

# RBFORUM

RACING & BETTING 3 October 2014

## REPORT

165 participants from 27 different countries

2 Sponsors, Groupe Carrus and Sportech

Jason Brautigam moderates the day

2 key topics, 17 high level speakers throughout the day:

**Big Data and how to use it to better target our products and services through more effective customer segmentation.**

**First and Second Screen - How well our sport is taking advantage of the growth of mobile technology and adopting a multi platform approach to reach a new audience.**

**Benoit Cornu**, Head of communication at the PMU, welcomes participants as the host of this year's Racing and Betting Forum. The Forum is becoming one of the biggest forum in which we can exchange experiences, best practices and develop our business.

Benoit thanked Philippe Germond for the job he did for the industry and his legacy: "there is no fatality for the decrease of the business. We can make an opportunity with ideas, Innovation and committed people. Horseracing has tremendous assets. We have the stadiums, the events, the champions. We have customers, networks, technologies. We have access to the internet, to the media and social media". Operators have great ambitions in tools and strategies. "We need to enhance and align the assets. Last May Philippe gave a wake-up call to horseracing. I'm playing the role of whistle blower to pursue his word. We are in a connected digital media focused data minded world. We must adapt the products and imagine new strategies for better betting experience."

### **Session 1: Customer Segmentation – a useful tool with a major impact!**

*Big data is the term used to describe the sheer scale and volume of information in the market. This information can come from a variety of different sources. It might come from the CRM systems, social media, behavioural studies, traditional customer information or purchased databases.*

*It has been a catch-all term. Doing something useful is what big data is about.*

*What tangible benefits can be gained from customer data?*

*Operators need to transform the information into value creation and look at different segments to produce targeted offers that will satisfy a variety of different needs.*

*The betting industry knew little about customers and their betting behaviour as the traditional retail transactional process was anonymous. Today, many industries have adopted CRM strategies. The importance of utilising customer data to effectively position betting products is greater than ever before. In the last decade, the fiercely competitive nature of the betting market has forced operators to be customer centric. This is been adopted by racing organisations. The exercise of customer segmentation is a common approach. The level of analysis, evaluation and implementation can still vary widely from one operator to another.*

**Jean-Luc Chazarain**, Sales manager big data at Orange Business, introduces the session by describing the data management. As well as highlighting new ideas and areas of development.

Orange has a lot of information coming from the networks: Mobile network, landline network, TV access and internet connection. It gives a lot of technical information that can be translated in value added indicators and services. Big data can optimize the customer approach and revolutionize the marketing approach and give the opportunity to tailor made the customers.

For instance, we sell today specific indicators on the way you watch TV. From our box, we see every programme customers watch every night. We sell this specific information to a French company, Mediaset which carries out specific surveys for TV-channels.

Big data today is not very easy to setup as it has a main constraint: legal aspect and respect of privacy. If you want to sell specific services based on your data, you have to develop encrypted software, to be able to delete all the possibilities of identifying personal aspects.

We have created 3 main streams in Orange:

First one is core business optimisation: use all the data coming from our customers to generate value by improving the efficiency, enhance customer knowledge, and optimize cost.

We use data coming from our customers to try to reduce what we call fraud on the networks, illegal downloading. Specific services have been created, called Multimedia mobile tracking. Projects started this year in Belgium and Spain tells us the nature of the used data mobile, browsing, social networks, downloading of application, video (quantity consumed).

The second part is more user centric services. It is more to enhance the brand image and to become a trusted operator. The goal is to help our customers to manage their digital life by helping them to control all aspects of their data.

The last one is the most challenging point for us, trying to sell our big data to other companies.

We call that Data-based Orange services. This B2B services is called Flux Vision. It is based on the wireless network. Each time you send an sms or call somebody, it generates specific technical aspects on the network. And we have developed specific tools and skills in analysing those specific big data. We sell this offers today to companies, public authorities which have the need to analyse the flow of people inside transport for example. This new information source provides innovating Kpi's for tourism, traffic control and transport.

Just to look at what we could do for instance for Sunday at the Prix de l'Arc de Triomphe.

We could do a survey. Who are the people there? French, foreigners? What are they doing before the races and after? We can give segmentation about social demographic information. Because we can use our CRM basis to know their age, gender, social category. We can give you all the information about who are in your betting areas and in the racecourse.

Today, what are the main benefits of big data indicators?

Big data is providing sampling frame wider than any field survey. Orange has more than 27 million customers. We deliver real-time analysis. In a nutshell, today Orange is just at the beginning of the deployment of the strategy of big data. It represents about 40% of the market share in France.

**France Porteaux**, offline business manager at the PMU is identifying customers on the French market, 5 million people are betting on horses, about 10% of the French population, over 18:

- Anonymous punters is the main and biggest population (more than 4 million people)
- 200K people for which we have some information,
- Online customers [www.pmu.fr](http://www.pmu.fr)

1. Non identified punters. The main group, playing in the 12.000 retail shops, playing with cash  
But thanks to marketing studies, we know profile, gender, age and social classes and also the frequency: How often they place bets.
  - The regular punters, at least 1 bet per week,
  - The monthly punters: Place bets between 2-4 times in the month,
  - Occasional punters. They place bets between 6-8 times a year.

PMU relies on marketing studies to know more about them and identify where is our target - 8% of our most regular punters represent more than 75% of the turnover, weight on those people is really important. The action and attention we need to have for these people is strategic.

We can implement animations in the points of sales for their attention and then we can create flow and stream during major events: Posters, advertisements.

2. The identified contacts we know them better thanks to actions in the point of sale through fair and exhibitions, initiation programme called Easy Pari.

This information allows us to send them more targeted information corresponding to their profile, giving them gifts, free bets or vouchers if they complete the form.

3. Punters playing online, about 540.000 clients. For all these clients, we have a lot of information.

We study those people around 3 main axes.

- We look at the current value of each account, what they generate in terms of turnover and margin.
- The behaviour. We look at the bets they have placed. Which kinds of bets they placed, how often they place and when.
- The diversity, Horse betting, sports betting and poker online and also which devices they use.

Pyramid of customers: On top, 100 punters 5% of the turnover, Prestige clients – at the bottom, 70% for only 8% of the turnover.

*Segmentation on our retail market:*

Because the 12.000 points of sales today are more or less all the same – so to maximize business, we think we have to dedicate places for big punters as well as dedicated places for beginners and newcomers. Different equipments in the dedicated places, cosy bars, self-betting machines...

The Express concept, is the nearest point to place bets or get paid quickly.

Last one is the PMU City launched 3 years ago, betting shops are new for the French market. You have the full services there.

The idea is to develop and deploy that in the 2 coming years and have a new retail network by 2017.

Segmentation is important, also offline. For PMU, it remains the main part of the business.

**Hans Skarploth**, like all CEO's, defined the strategy of ATG in 2013.

ATG has defined its 2020 vision and we have defined who to deliver to.

In Sweden 5.4 million players over 18 and out of this 2.2 million place a bet with ATG. We only have horse racing. 40% penetration and a yearly turnover of 2800 million Swedish krona.

In SW, the biggest part of the players is on pure luck games segment but ATG is only offering skilled games. However, ATG has identified 6 different segments on the global market and out of these 6 segments, has targeted 3.

Of course we have to continue with the “skilled bettor” where we have 60% market share (biggest share of the revenues). The “gamblers” is also a segment that has been chosen; they are younger and operate on digital environment.

The most remarkable thing is that we have chosen the “big win bettors” as the primary target group for our horse betting products. This segment is 50% bigger than the skilled bettors segment.

This is where we have low market share, 9% and we think it is realistic to grow it if we do the right things – although their driving forces is simplicity, equal chance for everyone to win (opposite of the skilled gamer).

Why haven't we been able to attract more of these big win bettors with the Harry Boy offer? Because the customer experience online and offline is not satisfactory and we are working on it today.

**Alexis Murphy**, managing director of Ladbrokes Belgium, shows a video indicating that Ladbrokes focuses on a wide customer base with different people, betting on different things, sometimes socializing, around 10 categories of punters in the UK. They are very different from the punters in Belgium.

Ladbrokes is tailoring its brand, the way it approaches the customers in the different jurisdictions. As the regulatory landscape globally evolves, we are focusing on those markets where we can establish reasonable market share. We tend to be very product agnostic.

Taking my example of our Belgian business where we have seen year on year declines in horse racing for some time. Our hope is by bringing in new products by launching digital, we bring more football in the shops. By having a variety of products available, there is a real opportunity for all products to grow.

So, more specifically in terms of customer segmentation, how do we approach it?

The first principle, an extremely important one is platform agnostic.

It is an important distinction between most people of online platforms. Platform agnostic is not multi channel. You need to recognize that many customers are going to be cross channel. Really segmenting business lines to my mind isn't helpful. You need to be thinking about the customer base. The second key element: To bind your technology.

The only way you can be properly platform or channel agnostic, is through having property bound technology and exchange of data between online and retail.

The first card we launched in Australia, full payment card, linked to the digital business, helped us much from data perspective. We get data in terms of what people are betting on, but also their other activities, habits.

A mobile phone: In all the shops in the UK, we offer free wifi for our shop customers. We can track a lot of data and target promotions to them. The Reward card: It is something we launched many years ago in the UK. It gives rich data in terms of customer usage patterns.

The Genesis is obviously the web. We have been operating digital sites since the late 90's I guess.

And in order to properly mind your customer database it is essential to be able to segment, have tailored promotions. We typically have several dozen customer segments based on different products. It is the bread and butter of the digital business and the challenge to us and many other operators is to broaden that out and integrate it with retail.

The one size fits all approach to marketing, to offering a product doesn't work anymore. The next generation of customers considers it to be the norm. Non targeted marketing will appear strange.

The idea is to have a continuous conversation with your customer. You can have that conversation if you are talking to a relevant customer base.

**Jason Wilson**, US Jockey Club, worked in 2011 on a new strategy. In 2011 McKinsey helped us to build a sustainable sport. At that time, the brand image was sobering, the fan base shrinking by 4% per year. It meant, by 2020 we were going to be 1/3 smaller than today if we don't do anything. More than 60% of the fans entered the sport more than 20 years ago.

The distribution of racing on TV, online and off track was limited.

McKinsey knew that the core value is still strong. Racing is still exciting. 2 years ago we began efforts through 2 brands: America's best racing and the Jockey Club on Fox.

The strategy is to raise awareness on the target market and multimedia platform. We want to create an audience of fans and stimulate engagement with the audience and we want to migrate the audience to other parts of the sports.

Target market: 80 million people from 18-34. The keys to success are about social media. We have done a very good job there. For the sports fan the key to success is get the message out of the sports, into the mainstream media. And meet sports fans where they consume information.

Fox sports begins a new era of horse racing: Jockey Club Tour on Fox.

America's best racing is a multi-media platform designed to increase the profile and visibility of north america's best racing. We focus on the lifestyle side on things. It helps to bring a day at the races alive. Significantly, 40% of the audience is female and less than 30 years old. We are hitting a new demographic group.

20% is engaging with us in some way. To put that in perspective, it is 10% with American Football. So, we are doing a very good job in engaging this audience we have created.

We also meet them in the real world through our programme, featuring the promotional tour. It is based in 4 most popular regions. They have initiated programmes for youngsters.

The other area is the investment in television. This is the Jockey Club on Fox, an ongoing promotional vehicle that inspires passive viewers to become active players. 45 million people tuned into the Triple Crown, 97% will not watch another horse race or participate another way. The opportunity is to capture this 97% of the audience and make them into more active participants in the sports.

Also, as a speaker said, balance the entertainment with education. The series consisted of 10 shows that were live on Fox sports and on the mobile application. For the entire year we reached 2.5 million people. We hope to expand on the audience in the coming years.

This year the Breeder's cup announced their own series of 10 shows on NBC. We are working with them to take advantage for this opportunity.

Our strategy falls into 5 major events, activities:

1. First is audience acquisition. We hope to grow in digital media by 2016.
2. Focus on the big events, big stars and assets.
3. Create more engaging content. Not just about the races. It is about putting races in the pop culture.
4. Try to develop more partnerships with mainstream consumer brands.
5. Try to enhance the endemic partnerships.

### **Richard Cheung, executive director customer and marketing of the Hong Kong Jockey Club.**

In HK, when we talk about customers, it is a combination of racing fans and customers.

If I rewind 5-6 years ago, we are talking about 60 billion \$HK turnover. It was not looking good and 75% of regular horse racing fans would be over 50 years old and racing is perceived as being very complicated. We started with segmentation: 7 different segments.

Based on the segmentation, we have developed 4 levers to tackle the problem.

Work on the facilities to get racing a chance and invested a lot in digital experience. At the moment, we feel that we need to invest in non racing related media to make sure racing can become popular again.

The racecourse: 7 billion Hong Kong dollars to upgrade the facilities.

We spent a lot of time thinking of segmentation. We try to create a young image. We have invested in different types of restaurants, the bar-nightclub area. The whole idea is to create a racecourse which is eventful and besides the venues, we believe that building the whole experience is the key.

An example to target the 25-39 years old, what we call more international crowd, is the Happy Wednesday brand. As much as we are investing in the racecourse we have a CRM system and customer service people, teaching how to play the game.

In the social media, content strategy, 40% will be about lifestyle and events. We need to have 30% of the content around the race sports.

The second thing that we invest in the last 5 years is the experience:

Online betting, provide news about the sports in a mobile way and with second screen technology.

All the growth we have seen comes in mobile. The club do work a lot with third party companies, for analytics (copy the stock market analysts).

What the club has done is shifted a lot of media span and helping newspapers to go online.

Thirdly gamification: make interfaces more interesting for the young, digital tools like live audio, video broadcast. Even if they are not in Hong Kong they can stick to the spots. It is key for the owners and members who are in the business world and geographical mobile.

Finally is how we also invest and make sure racing is popular again in the city:

Celebrities, 40% is on non racing media. When I joined 5 years ago, it was 5%. Working with sponsors is important. It relies on the effort of the racing colleagues.

We also spend resource to redevelop the race course gift shop. Look at marketing, Memorabilia and we work with arts and culture.

## **Report on the debate is in a separate document**

### **Session 2: First and Second Screen: How to make the most of it!**

*Technology has evolved in the media in particular the question of the first and second screen and how we need to make the most of it.*

*Those of you who attended last year's forum will remember how we considered how social media has changed the way we interact and engage with customers. Now with smartphones and tablets, we need to consider how we can take that forward and embrace new technology.*

**Jason Brautigam** starts by highlighting some facts and figures around the second screen phenomenon and look how this already had a massive impact in the world of sport.

What is the second screen?

The majority are screen based of the interactions: smartphone, laptop, tablet, television. 90% are screen based. The use of the technology is becoming increasingly integrated. It is an active programme participation, also known as **media meshing** or **media stacking**. Meshing is when you enjoy the same event through multiple devices. And media stacking is watching different events at the same time.

- 86% of the consumers use the device to access the internet while viewing a television compared to just 42% in 2012.
- 56% of smartphone second screeners use their device while watching tv on daily basis to discuss the programs online via mobiles - 95% happens on Twitter. 60% of the users tweet while watching tv. 40% of the traffic is at about tv programs.
- On Facebook 60% of the tv-related discussion happens during the live airing. 80% in smartphones and tablets.

You'll see it varies from territory to territory. There is greater adoption in US and UK.

In terms of second screen and sport.

- 76% of adults have used a second screen while watching live sporting event in 2013.

- Twitter estimated more than 490 millions tweets relating to sporting events last year, that figure because of the World cup will exceed one billion this year.
- 50% about all tweets last year centered around sporting events
- 46% of users believe that sporting news breaks first on Twitter. People are using social media as their personalized newsfeed.

This is interesting. From Lewis Wiltshire, the head of sports formerly of Twitter.

It sums up what the second screen is about: "When big events happen in the real world, they happen on Twitter". The platforms give athletes a voice, connecting them to fans, sponsors, journalists and broadcasters.

Taking a closer look at the world cup, biggest social event in media history:

- 671 million messages in total over the 32 days and 64 matches.
- 220 million people making 1 billion comments on Facebook.
- 35.6 million tweets took place during the semi final, incredible and iconic match between Brazil and Germany. It set a new record,
- Most notably, the new record of 620,000 tweets per minute during the world cup final.

If you compare it to the Olympics. That was just 80,000 per minute. Phenomenal growth.

And also mobile betting. Fastest growing area of the gambling market. To reach 100 billion dollars by 2017.

Number of mobile gambling users is forecast to increase by 100 million.

In the last 1-2 years, betting via mobile has increased by 150%. While mobile revenue makes up between 15-17% of the total gambling market, it is estimated to increase to 40% by 2018.

This significant growth is driven by football and sports betting. That's assisted by the social media and push technology. Where does racing fit in and how can we make the most of the opportunity?

Majority of operators now choose bespoke apps. That has benefits. It is a powerful tool.

They have to breed engagement in order to activate interest.

The great advantage of app based technology is, you can use push messages to target the right messages to the right audience at the right time.

Mobile devices offer customers behavioural data to contextualize their mobile messages. Ip address, location, language. How long they have logged in. Most importantly, tracks their responses to previous messages, which means that operators can adapt and target their messages better next time around.

This is all driven by the massive growth in the mobile market:

- 53% growth in tablet sales in 2013. 47% growth forecast in 2014.
- In terms of smartphone sales. 30% growth last year. Forecast to increase by 20% to 1.2 billion. That is slowing as the market matures. 80% penetration in UK and Hong Kong. Mobile devices have overtaken desktop.

Some of the UK operators and how they have experienced the mobile betting.

William Hill experienced 426% increase.

Paddy Power, 51% of the sportsbook turnover was from mobile.

Bet365 have claimed their revenues are 103% year on year.

Betfair announced it increased 70% year on year.

When we go back to the world cup: BetVictor 70% of the bets were placed via mobile, Coral 61%.

*In summary, the second screen opportunity isn't killing traditional tv, it is enhancing it.*

*More information, more statistics, more content, more interaction with other fans. Our job is to add value through entertaining and inspirational content. Enable instant interactions and sharing through social networks.*

*Innovation from TV producers, broadcasters, advertisers and operators.*

*Racing and betting is ideally placed to take advantage.*

*We have a lot of access to alternative content, replays, different camera angles, unseen footage, facts, figures and trivia.*

*When we look at the first or second screen question, we must remember, 30% of users now use their mobile devices to watch live sport. The second screen is becoming the first screen. That's how we have to change our mindset.*

**Emmanuel Roussel** shows how racing is ideally placed to take advantage of this new opportunity.

Let's start with a book. From journalist and author Tom Standage: "Writing on the wall. Social media, the first 2000 years". It explains how humans used social networks to share information, long before internet was invented. Luckily it applied to horseracing too.

Horse racing fans have always enjoyed most 2<sup>nd</sup> screen services you can find today in other activities. They could use the papers, the programs, the audio commentary, the radio, the tote board or the bookies stands, then video replays, big screens, etc. New technologies simply allow them to use all these tools with one device they can carry in their pockets.

Once again, horseracing was far ahead of the field there. Thanks to betting! What was betting but a way to become, for a time, another owner of the horses competing on the turf. The betting ring is the forum, and hardly anywhere else could the simple man get a tip almost straight from a Royal's mouth. No wonder horseracing became such a hit by the way. Not only could you enjoy the show, the sport if you like, but you could also be involved in it and rewarded with your wit.

Yet, other activities have caught up with us now and went even further. Maybe our mix was so exceptional that we did not pay enough attention and let a few trains pass by, without further notice. The World Betting turnover on Sports has exceeded horseracing for the first time this year. So today, in most parts of the world and with various successes, horseracing is looking for new fans, new customers, tries to find out what could bring them back into our not ever-loving arms.

How could we do that ? Do we still have something that could make the difference? What are the opportunities we can use to make something new out of something old that we cherish so much?

Let's start looking into that with a few examples of what's available today as far as mainstream horseracing apps are concerned...

Equidia Live+ (France, September 2013, Equidia, 2<sup>nd</sup> screen)

Racing Touch (HK, December 2013, Hong Kong Jockey Club, Full handicapping and betting service, incl. Video replays)

Racing Post (UK, 2010, Racing Post, Full handicapping and betting service, incl. Video replays)

Horse Races Now (US, March 2012, K&S McPeck/AmericanJockeyClub, Full handicapping and betting service, incl. Video replays)

Channel 4 Racing (UK, basic programs, , incl. Video replays)

If you read most comments posted on these apps, you can see that the video replays are greatly valued by the customers, because they need to check whatever happened thoroughly and TV programs sometimes do not have the chance to spend too much time on analyzing the result (split screens). The race is gone, let's concentrate immediately on the following one. Yet people want to

know exactly what happened to their\_horses. They want to know why the favourite did not finish in the frame, for instance. They need to understand, and this need is good because it helps them to enhance their knowledge, and therefore, their involvement.

Let's check out what Canal+ did with their CanalFootballApp Multicam function. They gave their viewers the opportunity to replay any bit of the ongoing game from different angles. So then everybody feels like he's producing his own program, he can discuss it with his friends and find angles that the actual TV feed wouldn't be able to provide. A race lasts 1 to 10' and it's quite different from football. Yet I am convinced that if you give the punter a chance to screen different angles from a single race, he will use this kind of tool. He will possibly like to see the final straight from different points of view, try to gather more information to understand what happened, sometimes in a flash. Also more sensational views can be useful such as the full bird's eye view or a portable mini-camera carried by a jockey or a driver.

However, the bottom-line is, if you keep your viewers in the dark, so to speak, when most other sports give away so much with such a large TV exposure, they might not be interested for long. The sharing of data, replays, and possibly video past performances before the races is a great help and incentive to keep on following horseracing for the years to come. My feeling is that data and video are not only short-term betting tools. They also are confidence builders. One shouldn't be afraid to release them as freely as possible when the business model only relies on betting revenues. A well-informed punter is a better client, yet a demanding one.

Apart from the sharing of information on social networks, there is not much interactivity going on in the apps we have seen, possibly because betting is perceived as a solitary pursuit. Yet, what do we see on racecourses or in betting shops? People get to talk to each other in an informal manner to exchange their views, no matter how different they can be and how they were sometimes ill-inspired. They share information before they go to the betting window, and sometimes celebrate their wins together. Surely part of the whole process involves a bit of study, involving personal experience and understanding, but anyone seeing betting as a mere hobby does not seem to mind sharing these with their friends and informal encounters.

One can only guess that this tendency to share would be stronger when the viewer is on his own, watching races from his couch. I am not sure that Facebook is the only place where people exchange views. Most do, but as far as racing is concerned, I don't see what prevents us to build up our fan base also by our own means.

Besides, a shrewd punter often likes to show off when he is right, or when he found out an alternative way of handicapping the race. Anyone can see that by browsing through the many comments posted on the racing websites such as the Racing Post's. Like most sports, horseracing offers the opportunity to discuss, and the TV viewer needs to be connected to others to be able to live that experience.

Handicapping contests or fantasy racing website are useful in that respect and a 2<sup>nd</sup> screen app should probably give the TV viewers the opportunity to exchange their views through these applications. The top tipsters would be promoted, live chats with horsemen opened to grow their fan base, day-to-day information about them spread through the same channels to strengthen the number of followers when the light is on. Share information before they go to the betting window. One can only guess that this crave to share would be stronger when the viewer is on his own.

We have to give them the opportunity to do so and helping them. Horseracing offers opportunity to argue, discuss. The tv-viewer must be connected.

Today's fans will become tomorrow's punter. We should concentrate on fans.

**Per Tellander**, Head of business development at ATG, comes from Media and will give some reflections he had during this year.

And the first reflection is that we in the business have the best combination between sport and gambling. If we only could lower the entrance a little bit, or make it bigger, to make it easier for new customers coming in that would help a lot.

We had the survey in Sweden a couple of months ago with 2000 gamblers: Which company do you think has the best experience and exciting products? And the answer was ATG. We have the best products and most exciting products.

My second finding is, that a lot of the things that we have around us, seems to be designed in the early 1970's. The tracks are quite old. The sport itself needs to be developed.

And not the least, the tv productions need to be much better in the future.

I came back from Las Vegas last night. It was always an interesting feeling to be there, it is sort of the mother of all concepts. I listened to the mastermind behind the new strip explaining the new hotel, Encore, Anchor in the States. People don't go to Las Vegas to gamble anymore. It is the experience that is driving people to Las Vegas. They built resorts, huge theatres, the golf course outside the front door. They build something else. It is interesting to see the Hong Kong jockey club is going that direction. We must invest in the future to make the experience better.

I was, before ATG, the company head a commercial tv channels (paid tv channels) Operator. Among others, 8 sports channels. I have been lucky to work working with the champions League, Nfl, Nba, I know what kind of impact good sports productions has. There are many good examples on how some products or some tv rights or some sports have been quite boring in the past, blooms when the technology takes over.

One example is biathlon, Cross country skiing. You have a gun on your back, ski and shoot and try to hit some targets. If you hit them you don't need to ski so much more. It was dull before. When the technicians came into that sport, something dramatic happened. In Sweden, they are the best viewing figures of all sports.

One thing that is also interesting. What Jason described for us before. Having the cooperation with Fox from the Jockey club. If you do good tv productions, that will not take spectators away from the arena's. The thing is today, I read a survey from the States saying that the media consumer gives 8 seconds before they make up their mind on a good or bad programme.

It might take 1-2 years before they give a new chance. This is something we really need to work on.

**Pat Cummings** from Trakus.

Trakus has been around and involved in racing from 2006, International expansion into Turkey afterwards. The bottom line is what we do enable you to follow your horses as the race is going on.

Our recent addition in New York Saratoga race course. The success and viewer feedback is undeniable. The service has grown. These are some of the partners we have. We have gotten to the point where North America 55% of every bets, turnover is made on a race that has Trakus.

With the addition of the Hong Kong Jockey Club last year, we are up to 18% of global turnover.

On the back-end, while you can impact everyone by seeing your race. Understand where the horses are. The data on the back-end affects more. It goes to the segmentation discussion that we had this morning. There are new uses for the data.

These are stats that didn't exist 10 years ago.

It is also happening in racing as well.

The basic data of who finished first, second, third and margin but where are we in terms of the human element?

It has taken us 8 years of tracking data: Trakus tracked 60.000 races and data can be used to create additional statistics to reach the advanced player.

But what about the most important participant in the race? The jockeys, the drivers?

Can racing gain more fans, interest and turnover if we focus more on the human participants? Could we integrate more intricate data to understand jockey/driver performance?

We decided to create the jockey efficiency ratings and driver efficiency ratings.

At Woodbine: 994 races over 3,5 years. We took every race at 8,5 furlongs and we wanted to uncover the impact of draw - Gate 1 through 14. How many meters did each horse cover? This basic information is valuable. We are starting to publicize it more. Each jockey performance can be compared to the averages. It is available on the Woodbine website.

Can we engage customers with statistics? Find ways to take the data and extract it and use it to our benefit.

**Carlos Silva**, sales director for Vermantia, demonstrates what virtual games really are and defines how virtual game betting works.

What is betting on virtual games? It is on computer generated events. The graphics are creating the visuals for the events and the results.

What are virtual betting games? There is a number of criteria that determine virtual betting games. There is a dedicated channel or sport, a number games available.

The visual impact and experience is key. This is about the compelling 3D animation you saw a taste of. This is console quality visuals. The movement is actually mapped on real players, real players and that data is mapped to get the movement realistic across the various events. In addition, it is about creating the venues and experience outside the event that is occurring. As to complete the loop, the rendering piece is very key here. That's what enables the providers across platform a TV-screen in traditional betting shop, mobile, online. With this high-tech states of the art rendering, the customer or player experience is the same across the different devices.

Are virtual sports or virtual games against traditional sport betting? Do they represent a threat or opportunity? I will answer this question by explaining the benefits of virtual games. You'll make your own decision.

Virtual events are a 24-7 opportunities. Virtual betting was created to plug gaps in between live events. The more opportunities for betting markets, the longer the punters may stay in your shops and remain on your website. It is appealing to all different generations of gamers and players and sports bettors. We say, there is little or no cannibalization.

When there is some, it is higher profit margin for the operators.

Just to underpin that important point, if you look at the UK model, 2003, when virtuals were getting established, there were 30-40 events running per day, now about 1000.

Global turnover on virtuals is expected to exceed 9 billion US dollars - 10-15% of retail turnover.

Online, websites, mobile, virtuals represent 7-10%

We think virtuals is very much a great opportunity for all.

## **2<sup>nd</sup> Part - How to use all the channels to adopt a more integrated multi platform stage.**

**Richard Fitzgerald** - The presentation will be coming from RMG perspective as a broadcaster and content producer. Predominantly the content we utilize is from the 34th racecourses and focus on Racing UK.

- Turf tv was setup in 2007 for fixed betting service and entered 99% of the betting shops in UK and Ireland.

- Gbi Racing is a tote service that goes all over the world.

Like everybody else, we have seen a very strong increase in mobile consumption.

Other than improving the quality of the picture, very little development has taken place over the last 6-7 years. We touched on Channel 4 racing earlier. The racing shopwindow in the UK. I touched on it. Between 750.000 audience on Saturday to 8 million.

One of the problems we have with Channel 4, we cannot influence the editorial coverage.

But it is absolutely a gem in our offering. There is direct correlation between the volume of betting and shown on Channel4.

It is oversubscribed by bookmakers by advertising around the output.

- Racing UK is a home service. We have to call it a pay tv service. We own the channel. We own the customers. And therefore, we interact much more heavily and can influence the outcome.

Is linear TV dead? It is important that everyone understands linear tv is still important. The answer is no. Why is that?

For me, this was somewhat surprising with the result of a study about a month ago: 5 million plan their viewing around tv schedules. That was stunning.

And the social media is driving that. If you have compelling content, people will talk about it.

What does it mean? For me it means we have to focus to continue on primary tv.

We have been working hard behind the scenes. Racing UK anywhere: The response, the Sky go service. A subscriber to pick 3 screens as part of their subscription. The service costs 22.50 per month. It adds considerable value.

Moving on from Racing anywhere. The apps world is an important part of offerings, deals with racecards, forms, results.

We would like to develop the in-app betting. A lot of the tools will enable. We have a predictor educating new consumers. So the purpose of that video was to take you through the iPad racecards. Form, place a bet all in 6 clicks. That's the purpose of the iPad.

In summary, linear tv is enjoying a resurgence, live racing is the driver of the sport + Compelling content, entertaining content. The audience deserves the best possible viewing experience.

**Eric Brion**, Director of Equidia. And tv/media department of PMU presents the missions of Equidia (owned by the PMU. I am working for the PMU).

The missions for Equidia when it was launched in 1999: First we are a service channel for the social professional of Racing in France. It is a service for them. Second point is, it is a support to betting, so we broadcast all the races and programs, French races in all the PMU outlets.

We also are a generalist consumer channel in 22 million households in France, Switzerland and Belgium. The second mission is to find new public for the horse racing industry and the third thing, to support the international development of the PMU with dedicated channel.

Equidia Live is a race channel with news in the morning, races from 12 until 9. Equidia live was launched in 2011 to stick to the PMU strategy, to have a race channel but was needed more places available on to show all the sports, documentaries, movies, and equestrian shows.

So, it was a really strategic choice made to launch Equidia Life.

4 million contacts per week. And 1.1 million regular viewers.

We have a channel about horses in general and to contribute to a positive image of the racing industry, especially among influential people and in the equestrian community. Our job is to explain to the 2 million people, what is racing. So, after 3 years most of the people in the equestrian community approved what we made on Equidia Life on the second channel. Today, Equidia Life is half of the audience of Equidia Live.

During the World Equestrian Games, we had 1.7 million viewers in 15 days, amazing for a thematic channel. With Equidia Live we have a chance that young viewers are young female adults, for 84% and they live with Facebook, Twitter every day. We built a big community of users where the PMU wanted to find new consumers.

For 2020, we'll have to be 500.000 contacts for the horse industry thanks to Equidia Life. We organise Special shows on big racing events, during 2 hours with our main presentator without talking about betting. The first result was: those special shows on Equidia Life, increased the audience by 25%.

It is close to the PMU 2020 strategy.

In that strategy we have to find new consumers, new young consumers. So, the newcomer program is used on the knowledge with a database. The programme was launched in March 2014.

What is really interesting is that more than 60% of Equidia life viewers explain us that they now have a new opinion on races.

And for more than half, when we are in contact with them, they go to the race course to begin to bet.

The role of Equidia Life:

- 60.000 new viewers of equestrian content in the year.
- 41% of the viewers participating in the short lived evening.
- 5 million French people touched on Facebook by publications or popularization of the races posted by the page Equidia
- 280.000 fans on Equidia.
- 600.000 competition and leisure riders in touch with our content.
- In 2020 we hope to have as I said 500.000 French people having interest in the client base of Equidia Life.
- And more than 60%/70% interested in the races.

Equidia is also:

- Equidia Video, with 30% of customers abroad.
- Equidia.Fr. 280.000 viewers.
- Our blog.
- Equidia Watch: free platform to view our program,
- mobile and tablet app: 170.000 clients
- Equidia club, our platform for the customers
- Facebook page.

What I can tell you, it is not just a channel as it was 15 years ago, it is a mark. One of the best sport marks in France.

We will be in HD for Equidia live soon and if the shareholders are okay, we will launch a tracking system next year. We'll have our own system with a French company who developed that with both. It is based on GPS technique.

**Paul Cross**, general manager for international business at Tabcorp, was asked to put together a package how Sky does the vision in Australia, not only from broadcasting, but also streaming perspective and how we merge that in the betting application in Tabcorp.

Product perspective, we cover all that racing 7 days a week in Australia + maximize the export of vision to other countries is to enhance the vision

10 years ago, it was only Sky one, our primary racing channel.

So we saw a need to expand coverage. We got Sky 2.

It was the overflow of products.

And we also cover international racing on Sky 2.

If you walk into an outlet, you'll see Sky 1 and Sky 2.

At home there was a need for more premium channels, Sky racing world.

Added to that is the radio network (Sky Sport Radio). It is a vital part of the communication to the customers and continues to grow over the year.

Not only do we cover racing through the year. We dedicate programs that cover the infrastructure side of the racing industry like Racing Retro, In the gig, and Catching Pen.

As Richard said, TV is not dead. How do we merge that with the second channel?

Most of us tend to watch racing from home and we have an iPad or tablet. We merge that into one, you have a seamless integration of vision and wagering. That becomes 1 in terms of application.

We cover 95.000 races per year, 34.000 are thoroughbred and 28.500 are imported races.

The chief executive of German Tote, **Riko Luiking** introduced Iptv last year.

The problem in Germany is that we are a very small racing industry but we have a lot of racetracks, 43, but most of them have only one race day per year. We are producing our pictures at the moment for our shops and for bookmaker shops. We are producing for websites, our own website and for the competitors...And we are producing it for betting apps and apps for watching only the videos.

Most racetracks want to race on Sundays and due to technical and time limitation. It is only possible to bring 3 racetracks at the same time so most are without tv coverage.

We are looking for a solution that we can bring with very small costs, the pictures from these tracks to web tv and to the computers and mobile solutions of our customers.

It is only the satellite dish with some small instruments on the roof of the car. The car can run very fast on the motorway. And then, you even can bring pictures from the ground of the Northsea.

You can use this car also for bringing additional content. At the moment we are producing real betting and horse racing channels. We are putting all the race meetings next to each other without any studio or commentaries.

In the past you needed a lot of money and heavy equipment to broadcast or webcast live. With minicaster satellite solutions you can go online within 4 minutes from there to a tv studio. Even with live connections to your reporter is possible.

The second thing we want to do is to bring additional content to our platforms like interviews with jockeys, with trainers. At the moment, we are producing together with the German sport world, racing paper. We are producing small video clips on the tracks explaining the business, explaining every job done on the racetrack.

The other thing, we are working on is called Smart TV, Samsung or HbbTv. This is TV meeting internet and bringing pictures without using settopbox. This will be our new product for the future. The costs are much lower than for satellite. So, this is the future of our Iptv, the solutions in Germany for the big and small tracks.

### **Conclusions of the 7th Racing & Betting Forum, by Omar SKALLI – SOREC**

We have learned today how to use data to create more customers and more fans.

This morning we looked at our clients' data and how to make the most of it...and this afternoon it was what type of data and how to present it to attract fans and customers.

What tangible benefits can be gained from customer data and how can it deliver a demonstrable return on investment?

We started by one of the more valuable clients' data: the segmentation. We have seen two types of segmentations:

- Total market segmentation. The objective is to identify the existing segments and to know our market share in every segment.
- Portfolio segmentation. The segments are generally based on value, frequency and mixity.

Once segmented, we will be able to give to our customers, our fans:

- Data or Information they need
- Good or happy experience they expect
- Tailored promotions they deserve.

They have to feel that they are experts, they are important.

For that, we will use:

- Technology, in collecting and giving the right data to the right person
- Media, images (TV) are a must have tool today.
- Social Media.

In Morocco, we started by:

- A specific survey to know the market and the number and type of punters, based on their behavior, value and frequency.
- Data we brought as of qualified maps, social surveys, etc.
- And the 3<sup>rd</sup> part of the triangle, we use internal data, as of BI (Business Intelligence) & CRM.

Today, we also saw many commonalities between the approach in client segmentation of racing, betting and media companies – we need to continue working close together, to create more fans, more customers, more value.

But that mean more data. We explored how data can be collected, formatted, utilised and shown to attract new customers, increase fan loyalty and change the perception of our industry.

In order to interact with fans, our speakers highlighted how a multi-platform approach is now necessary, as of:

- Access to camera to have your own WebTV
- Graphics
- Tracking systems
- Statistics
- Drones
- Mobile apps,
- Push technology,

In SOREC, we have enhanced the TV production system and the impact was huge with an excellent feedback from all our fans, customers and partners.

We work now on the broadcasting system and I think that the solution presented by Riko Luiking, from German Tote, seems to be very interesting to study!

Finally, on your behalf, I would like to warmly thank the organizers of this forum (EPMA, PMU, IFHA) and the sponsors (Groupe Carrus & Sportech).

This Forum is the certainly one of the best places to learn from each other and adapt the experience for our own market.

For EPMA members, I recommend also the workshops organized by Florence, such as IT or Marketing workshops. These are good opportunities for high-level and operational exchanges.

It is also important to escape from traditional thinking and wake up to all technologies.