INSIGHT=GROWTH INDUSTRY UPDATE

Growing Racecourse Attendance

Background

In March 2015, Britain's 58 RCA racecourses came together for the first time to share their customer data in British racing's biggest and most far-reaching piece of customer research.

Entitled Insight = Growth, the initiative was led by Great British Racing and the Racecourse Association as part of the industry's Strategy for Growth. It was jointly funded by the RCA's allocation of the BHA-administered Grant Scheme, by the participating racecourses and Great British Racing.

Aims

The purpose of the project was for racecourses to better understand and gain insights into racing's customers, including how they behave, their preferences and perceptions. The insights have driven an understanding of the size of the opportunity for racing to grow its audience.

The focus was on helping racecourses to market themselves better, to sell more tickets and, ultimately, drive the sport's revenues forward – enabling greater investment in horseracing e.g. prize money, facilities etc.

Whilst the Strategy for Growth was the catalyst for this major project, the notion of racing needing to 'better know who its customers were' had been contemplated for some time. In isolation and prior to this project there were some good examples of effective consumer insight being applied by some of Britain's racecourses but, collectively, the country's tracks were reliant on patchy, incomplete data and anecdotal evidence.

The seeds of the project were sewn as far back as the RCA Showcase Forum in 2013, when Juliet Slot, Commercial Director of Ascot, told the assembled courses that, "We need to rely on insight over instinct." Positive advances in loyalty and customer acquisition, led by Rewards4Racing, the Jockey Club's consumer reward programme, were also focussing minds.

What happened next?

58 racecourses agreed to share their ticket sales data from 2011-2015 for analytical purposes only. The data was shared by racecourses on a confidential basis, with no course able to see another's customer data. But, crucially, the aggregated insight was made available to all racecourses and the wider industry. The significance of 58 racecourses agreeing to share their data cannot be underestimated – as commercial enterprises they are understandably sensitive to the confidential nature of the data.

The data was analysed by Two Circles, a leading sports specialist data agency. The data analysis, which included 2.4 million unique transactions, over four years and £213m worth of ticket sales was additionally supported by both attitudinal surveys of racegoers and a national representative survey of the Great British public. Together, this data provides the broadest picture of racing's existing and potential customer base to date.

Racecourses were invited to a series of workshops across the country to digest and action the insights from this vast data collection exercise, which all 58 racecourses attended.

The first phase of workshops, entitled Engage, focused on learnings the industry could take from outside racing and from the sport and leisure sectors. The second phase, Discover, shared insights from across racing. Finally the third workshop, Act, held towards to end of 2015, provided bespoke toolkits for each racecourse on how to apply the insights to build their own customer growth plans.

The completion of the workshops enables us to now share the findings more widely.

In agreement with the racecourses, to whom much of this data belongs, we've included the leading insights, as these provide the greatest opportunity for growth.

This data, combined with the consumer research informs us where opportunities and challenges exist.

As anticipated, many of the findings have confirmed anecdotal knowledge or mirror existing accurate local data, but now at a national level. However, some of the results have provided new insight into racing's customers and, encouragingly, clear signposts to achieve growth for the sport.

The opportunity to grow racing's attendance materially will bring benefits to all – increased attendances enable increased investment at all levels of the sport.

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Key insights

1) Racecourses are not in competition with one other. Only 6% of racegoers purchased tickets at more than one racecourse in 2014.

Two important conclusions can be drawn from this insight. Firstly, there is very little cannibalisation of business between racecourses, meaning the courses could collaborate more often on promoting the sport at a regional and national level. This provides the opportunity for racecourses to collectively use their powerful marketing platforms to promote major moments in the sport. This promotion can also extend to encouraging television viewing, on the basis that people attend racing infrequently, relative to the numerous opportunities to watch it on TV.

Secondly, racecourses are local businesses (on average 57% of course's customers travel less than 30 miles). Courses will derive greater return on their sales and marketing efforts by focusing locally. Tangentially, greater opportunities exist in developing ownership opportunities with racehorse trainers in the surrounding area.

2) Racecourses have an opportunity to appeal to 34 million people who are aware of horse racing but not currently considering attending.

The research informs us that racing is currently fishing in a pool of about 10 million people who have attended racing or are considering attending. Customers within this pool typically come racing, lapse for a year or two, then return, before lapsing again.

Beyond this 10million, a bigger pool of 34million exists. These 34million people are aware of racing but not currently considering attending. Moving these people from awareness of racing to actively considering going is essential if we are to encourage more people to attend.

The insight informs us that approximately 14 million of the 34 million have a positive or neutral interest in of the sport of racing. In crude terms, if 5 million of this 34 million group can be persuaded to consider racing, 1m will convert to purchase, bringing new customers to the sport (also increasing the size of that 10m pool) and enabling horseracing to grow attendances to 7 million.

3) The social aspect of a day at the races is the primary driver for attending.

66% of attendees rate socialising as the most important aspect to their day out, followed by the racing itself and with betting third.* Socialising takes on many guises here – going racing with friends, dressing up, having a flutter, eating and drinking, taking the family out, people watching – with the horseracing providing the occasion (without which there would be no social context) and acting as the unifying activity. Strikingly, insight from the project showed how highly racing scores as a great day out with a diverse range of customers. 67% regarded the racing experience as either a "great day out with friends" or "a great day out with family".

The social attraction of horseracing can be viewed very positively, arguably making racing more resilient than other sports, whose attendances may be subject to the vagaries of team performance, absence of stars and a lack of event attraction beyond the sport itself.

Notably, and as frequency of visit increases, racing does become the primary driver, followed by socialising. It can be inferred from the data that as people interact with the sport more, racing takes on greater significance.

However, in terms of attracting new racegoers, the insight informs racecourses that the social experience will be the primary attraction. Some will become more interested in the horses, sporting action and the betting but it won't, initially, be horses that will win their attention.

4) In 2014, racing was the second best attended sport in the UK but is not in the top ten sports by interest within Great Britain.

This contrasting data confirms the insight relating to the importance of the social aspect of racegoing. After football, we are the best attended sport in Great Britain but in terms of sporting interest we rank much lower. Interestingly, racegoers are five times more likely than the GB population to attend over five live sports events in a year, further highlighting that sports fans enjoy going racing, but it's not the primary attraction.

**The research into racegoers demonstrated the emphasis on betting as part of the day out as being lower than the social and the racing. We would expect different responses from betting shop punters and television viewers.*

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5) Racecourses have a high 'churn' rate. 73% of purchasers don't purchase year on year. Retaining these purchasers is a key opportunity for growth.

Racecourses are running hard to stand still. On one level they are doing a superb job of marketing and attracting new purchasers on an annual basis – underpinning the sport's status as the second best attended, with an average of 5.8m total attendances in the last ten years. On another level, there is a real challenge in retaining these customers year on year. The majority of purchasers do not buy again and the notion of the 'once a year racegoer' is, largely, a myth.

The research undertaken has informed us that the racegoing experience is very positive, so it is unlikely that the low 27% retention rate is a result of a negative experience but more likely reflects a combination of factors including that people are time poor, that racing is a classed as 'treat' or that not enough is done to secure repeat and advanced booking.

By contrast, leading GB sports have a higher retention rate of 42% on a like for like measure.

6) Racing had c4.9 million unique visitors in 2014 – underlying the priority to improve retention year on year first, not frequency of visit within the year.

Millions of people go racing every year but, for the majority of customers, racing is a leisure choice amongst many options. Therefore customers are more likely to choose racing every now and again, rather than multiple times within the year. Whilst of course we should continue to maintain racing's enthusiasts, our major commercial advantage will come from retaining the casual racegoer who make up the highest proportion of racecourses' unique visitors.

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7) Racing has a diverse socio-economic demography. It is more representative of the GB population than any of the top spectator sports. It has mass market appeal.

Racing's instinct that it is female-friendly is underlined by the insight, which tells us that 39% of racing's ticket purchasers are female. This compares with a GB sport average of 20%. Furthermore the attending customer is broadly representative of the socio-economic profile of the Great British population. Any perceptions that racing is about toffs or flat caps is a myth – it has the most diverse audience of all sports.

This insight, combined with what we're learning about why people come racing, is very powerful. Horseracing has mass market appeal. Not only should this encourage racecourses that increasing their attendances is possible, but also that there are opportunities for major national brands to associate with the sport which has such large and broad reach.

8) Growth from the current 6.1 million (2015) racegoers to a target of 7 million by 2020 is possible.

Whilst very challenging, the notion of progressing from what is, largely, a flat average attendance number over the past decade, is possible.

No single action will increase racecourse attendance to 7 million. But by addressing all the key insights from this project, racecourses can begin to grow their and the sport's audience.

In simple terms, if racing converts a percentage of the 34 million people aware of the sport but not currently considering racing as a leisure choice to actually attend, improves its advance booking percentage and increases its retention, it will grow.

The annual milestones for achieving this have been produced and shared with racecourses.

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What's happening now?

Within a short timeframe, Britain's racecourses have become much more insight- focussed.

At a local level, the racecourses are already using the insight to inform their sales and marketing campaigns. As referenced previously, the final round of 'Act' workshops in December 2015 were focussed on creating toolkits for courses to implement these learnings and ultimately give customers what they want.

The courses have requested more support in this area and again made the commitment to share data from 2015 and 2016 for analytical purposes for the collective good.

Two Circles will continue to partner with Racing in 2016 to provide insight and guidance on how best to achieve growth. At a national level Great British Racing, in conjunction with the RCA, will act specifically on two themes informed by the insight.

Move the public from awareness to consideration. It appears that racing has done a good job in creating 'awareness' of the sport among consumers. The next challenge is to encourage people to consider racegoing. Generally, GBR's overall PR activity throughout 2016 will include an increase in content that encourages people to come racing. This will include the development of a unifying 'come racing' theme that can be applied by all racecourses and the wider industry. Specifically, GBR will launch a national campaign in April, around the time of the Grand National, with a series of special offers available throughout the rest of year to encourage people to come racing. The timing around the Grand National is very relevant as it is the one period when racing is very much in the wider public's consciousness, thus providing the best chance of success.

Promote the social aspect of racegoing. When customer research informs us that the biggest driver for racegoing is the social aspect and that a day at the races has mass market appeal, the promotion needs to match the product. Crucially, and to assuage any concern that that the sport will be placed left of stage, we will continue to promote stories about our stars, our horses and our great races. This is what creates awareness.

But in addition, we will also develop content and awareness that promotes the social aspect of the sport – dressing-up, meeting friends, taking the family out, having a flutter, being outdoors, people watching – and all based around the stage of horseracing.

Recent positive developments in racing to engage racegoers more deeply, such as Racemakers, Meet the Racehorse, The Jockey Club's *Racing Explained* and better promoted Flat and Jumps Championships will also be built-on. Such initiatives bring customers closer to the sport and underpin the insight that as people visit more frequently, the racing becomes more relevant.

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PROJECT VISION

Create a new approach to insight-led customer marketing to sell more tickets and improve the customer experience. Grow racecourse attendances by 2020 to

7 MILLION

DATA ANALYSED

£213m
total ticketing sales.

2.4m
ticket transactions.

8,048
survey responses.

"Racecourses are not in competition with each other."

6 PERCENT

of racegoers currently go to more than one racecourse.

GROWTH OPPORTUNITY

34 MILLION

adults in the UK are aware of horseracing but do not currently consider attending.*

Horseracing is 2nd most attended sport in GB (2014)

#	SPORT	ATTENDANCE (M)
1	Football	42.8
2	Horseracing	5.8
3	Rugby Union	4.9
4	Cricket	2.2
5	Greyhound Racing	2
6	Rugby League	2
7	Motor Sport	1.6
8	Commonwealth Games	1.3
9	Equestrian	1.2
10	Golf	0.9

… but is not in the top ten sports by interest within Great Britain

* Nat Rep survey

RCA

GREAT BRITISH RACING

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RETENTION

Easiest to Influence

Ticket purchasers who buy one year and return in the next.

27 PERCENT

of 2013 purchasers purchased again in 2014.

ACQUISITION

New ticket purchasers.

73 PERCENT

of purchasers were first time purchasers in 2014.

FREQUENCY

Hardest to Influence

The average number of fixtures purchased in a single year.

1.2

average purchased fixtures per year.

GENDER

Horseracing has many more female customers than any other top spectator sport in GB.

Female Ticket Buyers

All Racing **39** PERCENT

All Sport **20** PERCENT

AGE

The age profile of horseracing is younger than the GB Sport average.

Average Ticket Buyer Age

All Racing **46** YEARS OLD

All Sport **47** YEARS OLD

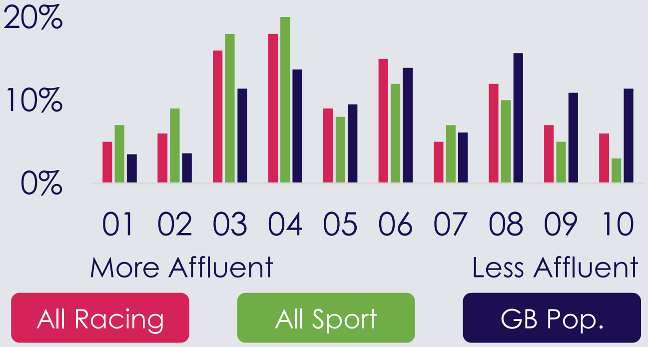
LOCATION – TICKET BUYER

57% of horseracing customers travel less than 30 miles to their racecourse.

Distance from Racecourse	All Racing
0-10 miles	**24%**
11-20 miles	**19%**
21-30 miles	**14%**
31-50 miles	**16%**
50+ miles	**27%**

SOCIO ECONOMIC – TICKET BUYER

Horseracing is more representative of GB population than other sports.



RCA

GREAT BRITISH RACING

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Selling tickets earlier increases overall event attendance.

of all tickets sold are done so on the day.

The racing customer comes 1.2 fixtures per year – the All Sport average is 1.8 times.

88 PERCENT

Purchase once per year/season

8 PERCENT

Purchase twice per year/season

4 PERCENT

Purchase 3+ times per year/season

SOCIALISING MASSES

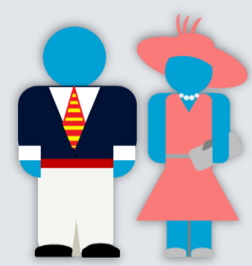
Top Motivations To Attend

Great Day out with Friends
Special Occasion
Great Day out with Family

"Racing is an exciting day out, more involving and entertaining than other leisure activities."

66 PERCENT

of racegoers primarily go to socialise.*



RACING AFICIONADOS

Local first, but the only group with a real propensity to travel.

20 PERCENT

of racegoers really love the racing which is approx. 1million.*

THE PUNTERS

2x more likely, than the GB average, to bet £50+ a month on Sport.

14 PERCENT

Are motivated more so by betting.*

Top Motivations To Attend

I enjoy Betting
Great Day out with Friends
I love Racing

*Percentage of 4.9million unique attendees in 2014