

**BRITISH HORSERACING AUTHORITY**

**STRATEGIC REVIEW OF THE**  
**FIXTURE LIST**

**May 2007**

## BRITISH HORSERACING AUTHORITY

### STRATEGIC REVIEW OF THE FIXTURE LIST

#### EXECUTIVE SUMMARY

1. The British Horseracing Authority's first major project is to undertake a root-and-branch review of the fixture list, identifying the optimal fixture list for British Horseracing and, subsequently, how it can be delivered. Although still operating as a 'board-in-waiting', the members see this as a priority, and that it cannot wait.
2. By many indicators, British Horseracing is in very good health, but the Board has listened to the industry and it is clear that there are current issues; and the Board also believe that now is the time to consider how best to meet the challenges ahead for British Horseracing.
3. The Board will adopt a different approach for this process, taking a detailed all-encompassing view of the fixture list, with no preconceptions. Contributions to the consultation are welcomed from all organisations and individuals with an interest in racing.
4. To start the debate, this paper is intended to highlight issues that it is proposed will be considered as part of the review. At this stage, respondents are invited to comment on the matters that should be included in the review.
5. The review will be structured around a framework that reflects the Board's view that British Horseracing and its fixture list means different things to different groups. To some it may be considered purely as a sport, to others a centrepiece for racecourse and other leisure industry activity, and to others a betting product. A number of different issues considered to be relevant to each interpretation are listed below, although there are many common issues. The debate can be characterised as the balance between 'quality' and 'quantity'. Whilst the Board sees this as a general oversimplification, it is a valid moot point. British Horseracing is complex, with a rich history and tradition, with what can appear to be a bewildering array of complicated layers. The Board sees this as part of its fascination and appeal. At the same time, the Board believes that trying to make some sense of these complexities is vital to ensuring that British Horseracing has the best possible future, and the optimal fixture list is created.

6. British Horseracing as a sport -

- What are the demands of the horse population for opportunities/fixtures?
- Should opportunities be provided for all horses across the horse population and, if not, how would this impact upon the number of fixtures and races delivered?
- Has British Horseracing's reputation, and in particular its landmark fixtures, been damaged by the proliferation of low-grade fixtures in recent years?
- Has the welfare of the sport's participants been affected as a direct consequence of the recent expansion in the number of fixtures?
- What are the marginal costs incurred by the horsemen associated with facilitating the expanded fixture list?
- How should the seasons, championships and fixture list be composed to best meet the needs of participants and to best enable the promotion of British Horseracing?
- How should All-Weather Track fixtures be positioned within British Horseracing?
- Does Jump racing, for which the fixture list has remained relatively stable throughout recent years, require its own separate consideration as part of the wider review?
- How could the fixture list best meet the needs of television, newspapers and other commercial partners, to maximise the promotion of British Horseracing?

7. British Horseracing as a centrepiece for racecourse and other leisure industry activity -

- Does the existing fixture list provide sufficient fixtures in commercially attractive slots?

- What measures can the industry at large and individual racecourses adopt to promote fixtures in these slots?
- Is it desirable or feasible for geographical location to be considered as part of the fixture allocation process?
- Is racing taking place at the best times, and on the best days, to make best use of the opportunities, for instance on Bank Holidays?
- What measures can be adopted in the fixture list to attract increased corporate sponsorship?

#### 8. British Horseracing as a betting product -

- How could the fixture list be shaped to best promote betting on British Horseracing with bookmakers? How can British Horseracing be made readily accessible to newcomers to betting?
- In the light of the recent expansion of the fixture list, what has been the marginal contribution to British Horseracing as a whole of the additional fixtures?
- Where does bookmakers' trading experience indicate that the real opportunities exist for British Horseracing and its fixture list? What is the best balance between major landmark events in the racing calendar, and the need for volume?
- With the increasing internationalisation of gambling markets, and the development of the co-mingling of pool bets, are fixtures currently scheduled at the appropriate times of day to exploit such markets?
- What factors are significant in determining the attractiveness of particular fixtures and races to the betting industry's existing customers?
- Will the new regulatory regime for betting that the Gambling Commission will create from September 2007 impact upon the betting industry's attitude towards British Horseracing as a betting product, thereby affecting its requirement for fixtures?

9. All responses to this initial document should be provided by Friday 29<sup>th</sup> June 2007. A full report will then be prepared, to be issued by the end of July, setting out the Board's views as to the specific issues that will be included within the review, and how each will be considered. Contributors will then have two months to let the Board have their full submissions, including, wherever relevant, the supporting information.

**Fixture List Review: Contact Details**

Please send your comments, by 29<sup>th</sup> June 2007, to Fixture Review, 151 Shaftesbury Avenue, London, WC2H 8AL or to [fixturereview@bhb.co.uk](mailto:fixturereview@bhb.co.uk).

**British Horseracing Authority Board Members**

Paul Roy (Chairman)  
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## 1. INTRODUCTION

- 1.1 With its role combining the regulation, promotion and representation of British Horseracing, the launch of the British Horseracing Authority represents a fresh start for the racing industry in Great Britain. Included within its remit is the determination of all aspects of the annual fixture policy and, as such, the Board's first major project is to undertake a root-and-branch review of the fixture list, identifying the optimal fixture list for British Horseracing and, subsequently, how it can be delivered.
- 1.2 The fixture list has undergone substantial growth since its expansion was recommended in the 'Racing Review', published in 2003, and with pending legislation further increasing the permitted opening hours for bookmakers, the number of fixtures in 2008 may increase to in excess of 1,500. However, despite the continued increase in the number of opportunities, horse population growth levelled off during 2006 and the amount collected from the bookmakers, or the levy yield, declined from £97.3m in 2004/05 to £91m in 2005/06.
- 1.3 The review's objectives, in addressing British Horseracing's roles as a sport, a centrepiece for racecourse and other leisure industry activities, and a betting product, are to identify and deliver the optimal fixture list in the long-term interests of British Horseracing. This will also involve the development of an appropriate funding mechanism, to incentivise stakeholders to produce the desired product. The review will take the Racing Review as a starting point, and assess whether the fixture-related recommendations remain appropriate. In addition, the review will address the relevant challenges identified in the 'Economic Impact of British Racing', produced by Deloitte and the British Horseracing Board (BHB) in 2006.
- 1.4 In seeking to achieve its objectives, the Board wishes to adopt an approach that reflects its values:
- Strong – taking tough decisions where they are needed
  - Independent – acting free from sectional interests, in the best interests of British Horseracing as a whole
  - Responsive – listening and consulting with all interested parties
  - Challenging – asking hard questions of all involved
  - Open – sharing findings and explaining conclusions

- Dynamic – being innovative and remaining focused on the primary objective
- 1.5 The Board considers maintaining and enhancing the integrity of racing to be the cornerstone of its role and, to that end, the review and its recommendations will be put forward only after having taken full account of any integrity-related implications. Furthermore, it is imperative that the review also considers welfare issues across every aspect of the fixture list. This applies to all participants, both people and horses, and therefore will incorporate considerations relating to turf management issues and the demands placed on the workforce directly involved in delivering the racing product.

## **2. METHODOLOGY AND TIMELINE**

- 2.1 The review will adopt a different approach to previous industry consultations, taking a detailed all-encompassing view of the fixture list from the aspect of every stakeholder and, as far as possible, without preconceptions. It will be conducted through a structured consultation process. In addition to canvassing views across the industry, British Horseracing's partners in the media and the betting industries, as well as the wider public, are positively encouraged to take full part in its production, with all contributions welcomed.
- 2.2 To that end, this issues paper has been produced for all interested parties and individuals. Its purposes are to:
- (i) summarise the principles adopted as part of the industry's fixture policy in recent years, and their impact on the current fixture list;
  - (ii) identify British Horseracing's objectives, recognising that the sport represents something different to different groups;
  - (iii) identify issues that the Board intends to consider as part of the review, and propose how to best assess these matters; and
  - (iv) ask respondents to identify any additional issues that should be included within the review and suggest how each would be best assessed.

- 2.3 This paper is publicly available via the [britishhorseracing.com](http://britishhorseracing.com) website and, in addition, to facilitate a response from key industry groups, has been issued directly to the following key constituent members:
- The Horsemen's Group Owners, Trainers, Breeders, Jockeys, Stable Staff
  - The Racecourse Association and Racecourses
  - Racegoers
  - The Betting Industry and its customers
  - Broadcasters, print media and Journalists
  - Sponsors
  - The Horserace Betting Levy Board
  - Department of Culture, Media and Sport
- 2.4 Once responses to this paper have been received, a full report will be prepared, to be issued by the end of July, confirming the specific details of the issues that will be included within the review and how each will be considered. Contributors will then have two months to prepare full submissions, including, wherever relevant, supporting information.
- 2.5 The submissions will then be collated into a single draft review document, to be presented to the Board in November. At this stage, the Board will formulate specific proposals reflecting the overall direction emanating from the various responses.
- 2.6 These initial proposals will then be taken through the same process of consultation that had been used at the outset in order to test reaction.
- 2.7 As part of this consultation, detailed consideration will also be given to how British Horseracing will deliver the identified optimal fixture list. This will inevitably involve the development of a financial mechanism, in partnership with the Levy Board and other directly affected parties, which would underpin the proposed fixture list. It is recognised that this is likely to involve a detailed review of the existing funding mechanism, including, for example, the principles underpinning the fixture incentive scheme and abandonment payments, and, going forward, how all payments might be re-structured to achieve the industry's objectives. The significance of this stage of the review process cannot be overstated as without an appropriate funding mechanism, attempts to achieve the

optimal fixture list (as identified during the first stage of the review) will, in all likelihood, prove futile.

- 2.8 It is intended that the final report will be prepared at the beginning of 2008 prior to its proposals being incorporated within the Board's fixture policy for 2009 (to be considered in March 2008).

### **3. THE RACING REVIEW AND CURRENT FIXTURE POLICY**

- 3.1 The fixing of dates on which all meetings are held is currently determined by the BHB under the powers included within Order 1. The BHB Board is supported in this area by the Fixture Allocation Group, an advisory body under the Chairmanship of the Racing Director and including representation from the National Trainers' Federation (NTF), the Racecourse Association (RCA) and the Racehorse Owners' Association (ROA), as well as the Chairman of the BHB's Race Planning Committee.

- 3.2 As referred to above, the principles underpinning the fixture policy pursued in recent years have been strongly influenced by the recommendations included in the Racing Review, which, itself, had been conducted initially through a comprehensive consultation process involving consumers and industry groups. In the light of their responses, the Racing Review Committee subsequently developed specific proposals which were ultimately approved by the BHB Board.

- 3.3 Included within its 76 recommendations was that: 'An urgent expansion of the fixture list should take place in order to provide the racecourses, spectators, punters, owners, bookmakers and broadcasters with the increased level of product which they all seek and in order to maximise British Horseracing's income and recover its market share of betting.'

- 3.4 This recommendation had been based on its findings, as reproduced below:

- 'Customers want more fixtures: Research has shown that racing's key customers, spectators and punters, would welcome more fixtures, especially during their leisure time of evenings and Sundays. Broadcasters have also indicated that they would like to see more fixtures on specific days.'

- ‘The betting industry wants more fixtures: In 2003 there are 303 BAGS criteria gaps [resulting in bookmakers] currently finding that over 20% of [their] required product is not being supplied. Each BAGS criteria gap costs racing around £100,000 in income.’ (Note: BAGS criteria gaps refer to dates and times when the betting industry has indicated that it is willing to pay for race meetings to be broadcast into its betting shops but no meetings are staged).
- ‘Racecourses want more fixtures: The Committee asked all racecourses how many more fixtures they could handle. Those turf racecourses which did reply indicated that they could handle a further 115 fixtures. This figure did not include either all-weather tracks (AWT) or the new racecourse applications.’
- ‘Owners want more fixtures: The Racehorse Owners’ Association told the Committee that its members’ most frequent complaint is no longer about prize money levels but about the lack of opportunities to race and the high level of eliminations’.

A key issue for the review is whether or not these views remain.

- 3.5 The Racing Review also recognised that, ‘with Racing’s surplus ‘inventory’ comprising mainly lowly rated Flat horses’, concerns existed that expanding the fixture list to cater for these horses could have ‘clear implications for the image of British racing and at least a perception of a devalued product’.
- 3.6 The Committee therefore recommended the introduction of a three tier system, defined as:
- Premier Racing
  - National Racing
  - Regional Racing
- 3.7 Premier Racing would be primarily a branding and marketing tool to identify racing’s premier product to its customers. For a fixture to qualify for inclusion in the list of Premier Racing fixtures, a course would have to fulfil certain criteria regarding the quality of the races, the level of prize money and racecourse standards. Any racecourse should be able to aspire to run a Premier Fixture providing it fulfils the criteria. It was anticipated

that Premier Racing would comprise no more than 100 Flat fixtures and 50 Jumping fixtures representing less than 10% of the Fixture List. Significant central marketing would be utilised to promote the prestige, quality and excitement of Britain's top Flat and Jump meetings. National Racing, meanwhile, would comprise the vast majority of fixtures, with Regional Racing catering principally for Flat horses rated 45 and below.

- 3.8 In the light of these findings, the fixture list has been continually expanded with effect from 2004, when 70 Regional Fixtures were introduced, as illustrated in the table below:

**Programmed Fixtures by Code 2003-2007**

<u>Year</u>	<u>Flat Turf</u>	<u>All-weather</u>	<u>Jump</u>	<u>Total (% rise)</u>
2003	578	148	544	1270 -
2004	600	204	537	1341 (5.6%)
2005	600	214	535	1349 (0.6%)
2006	565	280	546	1391 (3.1%)
2007	555	316	544	1415 (1.7%)

Note: The 2008 fixture list will, as a consequence of introducing a year-round evening programme, comprise 1,473 funded fixtures, although at this stage it is not possible to confirm the division between Flat turf, AWT and Jump fixtures. In addition, racecourses will be permitted to apply to stage a restricted number of a new type of fixture, termed 'Enterprise Fixtures', which, at least initially, will attract no central funding. The take-up of these fixtures, particularly outside the summer months, is difficult to predict but it is possible that the fixture list may expand to in the region of 1,510 fixtures.

- 3.9 This increase in the number of fixtures has been achieved within a framework that reflects the constraints within which British Horseracing's fixture policy operates. In addition to the requirements of the horse population, which are discussed below, these constraints include:

- Funding Mechanism – In contrast to its international competitors, the opportunities provided by the fixture list are to a large extent governed by British Horseracing's role as a betting product within a liberated betting sector, with the Levy Board's Fixture Criteria specifying the slots within which it will support fixtures with funding from betting.

- Integrity – By taking full consideration of the capacity of the Regulatory Body and supporting organisations to service the fixture list, any alterations to fixture policy must continue to protect British Horseracing’s high standards of integrity.
- Turf management considerations – Britain has the reputation for staging the world’s best turf racing on the world’s best turf racecourses. Accordingly, all decisions relating to the introduction of new turf fixtures or the movement of existing fixtures require the approval of the Racecourse Inspectorate (the regulatory body responsible for racecourse licensing and standards).
- Racecourses’ historical fixtures - Subject to certain conditions, 1,203 ‘Racecourse Fixtures’ provide racecourses with a ‘right to race’ within their established slots in the fixture list, although this ‘right’ does not extend to any funding-related matters.
- The requirement for greater competition in allocating fixtures - As part of the agreement established with the Office of Fair Trading, a competitive bidding process has been introduced to allocate ‘BHB Fixtures’, which had previously been allocated by the Fixture Allocation Group in the best interests of British Horseracing. To that end, in 2008, almost 20% of all funded fixtures will have been allotted on short-term leases as part of such a process in which the highest bidder secures the lease subject to Inspectorate approval. It is recognised that the short-term allocation of these fixtures limits, to some extent, the ability of racecourses to develop their status and profitability.
- The programme of Pattern races – Such races are often viewed as the beacons to navigate a path through the season. Many of Britain’s landmark races have been in place for a considerable number of years, and the Pattern itself has evolved over decades. Every Flat race in the European Pattern must conform to a number of rules set out by the European Pattern Committee. These rules have assisted the reputation of the European Pattern but inevitably have far-reaching implications for the programming of British Horseracing’s quality events, in that they extend to:
  - Any change to the grade of a Pattern race

- Any change to the conditions, date or venue of a Pattern race
  - The introduction of a new Pattern race
  - The deletion of an existing Pattern race
- 3.10 The expansion in the number of Flat fixtures has inevitably created additional opportunities, although the number of eliminations is also higher at the end of the period:

**Races, Runners and Eliminations – Flat 2003-2006**

<u>Year</u>	<u>Races</u>	<u>Runners</u>	<u>Eliminations</u>
2003	4,761	52,920	11,234
2004	5,241	58,777	12,122
2005	5,301	60,090	14,545
2006	5,554	59,242	13,784

- 3.11 The creation of additional fixtures has provided racecourses with significant increases in revenues from BAGS, which, it is estimated, have increased by over £2.7m between 2003 and 2006.
- 3.12 Unsurprisingly, the creation of a significant number of generally low-grade fixtures in relatively unattractive slots has had a negligible impact on attendances, with just 40,605 attending the 50 Regional Fixtures in 2006. Indeed, total attendances in 2006 (5,839,437) fell below their 2003 levels (6,019,481), although this was partly as a result of the closure of Ascot and Doncaster for redevelopment. Furthermore, although as part of the Racing Review’s consultation process turf racecourses indicated that they wished to stage an additional 115 fixtures, the expansion of the fixture list since 2003 has been achieved largely by creating fixtures at AWT racecourses. This is not surprising given the competitive bidding process associated with the allocation of the newly-created fixtures which, given the relative marginal costs of staging an additional fixture, favours AWTs over the turf alternative.
- 3.13 British Horseracing’s market share of the off-course betting market has continued to decline with the recent positive trend in the levy yield reversed in 2005-06. The latter is likely to be the result of a number of factors, not least the reduction in margins suffered in recent years and the decline in terrestrial television coverage. It remains a matter of debate, however, and certainly an issue to be considered as part of this review, as

to whether the recent fall in the levy yield was minimised by the expansion in the number of fixtures or, alternatively, whether the decline is in part a consequence of the proliferation of (primarily low grade) fixtures turning punters away from racing.

- 3.14 Finally, it should be noted that the concept of Premier Fixtures has not progressed as recommended. This was primarily due to a lack of appetite from racecourses, and an absence of sufficient finance to support the initiative. As well as questions being raised as to whether the concept would provide any tangible benefits, concerns were expressed that the requirement for each Premier Fixture to fulfil certain criteria as to the quality of their races would have created difficulties when it came to programming a number of particular races on such cards including maidens, novices, NH flat races, etc. It is also worth noting that the lack of progress made in developing Premier Fixtures has rendered the term 'National Fixtures' meaningless.

#### **4. THE OBJECTIVES OF THE FIXTURE LIST**

- 4.1 The Board aims to establish whether British Horseracing's stakeholders continue to support the principle of providing more fixtures, as identified in the Racing Review. In the event that opinions of any of the stakeholders have changed during the intervening years, what has happened to alter their position?
- 4.2 Accordingly, the review will focus on identifying the current objectives of British Horseracing's fixture list.
- 4.3 To that end, it is proposed that the review considers the objectives of British Horseracing and its fixture list from three different perspectives:
- Racing as a sport
  - Racing as a centrepiece for racecourse and other leisure industry activity
  - Racing as a betting product
- 4.4 There is inevitably overlap between these different perspectives. It is also acknowledged that further fixture-related objectives may exist outside the scope of these perspectives. As such, respondents are invited to identify

any further issues that they would wish to be incorporated within the review.

- 4.5 Different groups have different, and, on occasions, conflicting, requirements. Accordingly, the key challenge for this review is to identify the optimal design of the fixture list, having taken appropriate account of the objectives of its various stakeholders, in the light of the constraints referred to above.

## 5. **BRITISH HORSERACING AS A SPORT**

### 5.1 Sporting objectives of the fixture list

5.1.1 The Board considers that production of a great sporting product is at the heart of each of the three general groupings. It creates the 'narrative' of the sport and, in particular, its quality events over the course of a season. As part of its review, the Board will address whether the sport's landmark events are sufficiently well-defined and linked into an ongoing narrative, or series of narratives, based around its seasons and championships. The review's findings may vary considerably between the different codes.

5.1.2 To the horsemen involved in owning, training, riding and breeding racehorses, racing is primarily a sport in which the overriding ambition is for success on the racecourse, and, for some at least, the associated financial rewards.

5.1.3 With over 25,000 horses-in-training at some point during the year, owners' annual gross costs have recently been estimated to total £274m, with nearly 8,000 full-time and 8,500 part-time employees involved in the production and training of racehorses.

5.1.4 For the horsemen, it is suggested that the key fixture-related objectives include:

- (i) Providing sufficient opportunities for their horses to run.
- (ii) Ensuring that success is adequately rewarded, with prize money levels that are commensurate with ability and competitive when compared with Britain's rivals. It is recognised, however, that the

significance of prize money in motivating owners is likely to vary depending on the level at which horses participate.

- (iii) In addition to their share of prize money, for those employed within the industry, the fixture list and the race programme should also provide sufficient opportunities for individuals to earn sufficient levels of income.
  - (iv) Taking account of the welfare of all participants. This includes reference to turf management issues and, in addition, the programming of fixtures that facilitate reasonable working schedules for those whose employment is directly related to the training and racing of horses.
  - (v) Creating 'champions' over the course of a season.
- 5.1.5 It is also suggested that the relatively small number of high frequency racegoers, many of whom could be described as 'racing purists', similarly view racing primarily as a sport, advocating a fixture list that suitably presents and promotes its landmark events, with due regard for racing's heritage as well as its more recently developed quality events.

## 5.2 Issues relating to the sporting objectives

### 5.2.1 **What are the demands of the horse population for opportunities/fixtures?**

- The requirements of the horse population are paramount when attempting to assess the optimal size of the fixture list and, to that end, the review will attempt to quantify the total number of opportunities required by the existing horse population and how these are allocated between codes (i.e. Flat or Jumping) and across the year.
- It will also be necessary to consider recent trends in the size of the horse population to project how the current demand for opportunities may alter in the foreseeable future.

### 5.2.2 **Should opportunities be provided for all horses across the horse population and, if not, how would this impact upon the number of fixtures and races delivered?**

- A fundamental tenet of the Racing Review was that as long as criteria gaps exist and racecourses are able to stage additional fixtures, the race programme should provide opportunities for all sections of the horse population, albeit with the prize money offered commensurate with the ability of the competing horses.
- Certain sections of the industry have raised concerns regarding the impact of this policy on the reputation of British Horseracing and/or the future of the breed (by allowing very moderate horses to become winners). Is it in the interests of the industry to provide opportunities at this low level? If so, can such races be staged without damaging the allure and reputation of British Horseracing?
- If there are insufficient opportunities for the whole horse population, should British Horseracing also look at distributing opportunities by an additional means (e.g. number of runs)?
- What approach is adopted within Britain's main competitors in relation to providing opportunities for the horse population and the relationship with the distribution of prize money? Equally, could lessons be drawn from considering how other sports manage and extract value from their fixture list (or equivalent)?
- In the event of restricting the fixture list and race programme in some way, it would be necessary to estimate the impact on the demand for fixtures and races, and, in turn, the financial implications for those employed within the industry.

**5.2.3 Has British Horseracing's reputation, and in particular its landmark fixtures, been damaged by the proliferation of low-grade fixtures in recent years?**

- The declining levy yield has inevitably impacted upon the Levy Board's contribution to the main prize fund, which has declined from £62.5m in 2006 to £55m in 2007. As already illustrated, this reduction in financial support has coincided with a continued expansion of the fixture list, thereby resulting in a significant reduction in the average level of support allocated to each fixture. For example, in 2006 the main prize fund was allocated across 1,392 fixtures with an average

contribution of £44,900 per fixture. In 2007, its allocation across 1,415 fixtures reduced the average contribution per fixture to £38,869. This decline in the average contribution per fixture would be even more emphatic in relation to Flat fixtures alone. Against this backdrop, the review will consider whether the industry's main prize fund is being spread too thinly across too many fixtures, thereby damaging its flagship events. Furthermore, does the prize money for Britain's premier events remain competitive from an international perspective?

- Has the media's coverage of the sport's quality events suffered because of the increasing mass of fixtures? Do newspapers have less space available to promote the major fixtures and races?

**5.2.4 Has the welfare of the sport's participants been affected as a direct consequence of the recent expansion in the number of fixtures?**

- Does evidence exist to suggest that injury rates (equine or human) increase in races involving lower-rated animals?
- Is there any evidence of the quality of the racing surface deteriorating at particular racecourses in recent years as a consequence of over-racing?
- Has the workloads of those directly involved in producing the racing product increased to levels at which the welfare of participants has been compromised in any way?

**5.2.5 What are the marginal costs incurred by the horsemen associated with facilitating the expanded fixture list?**

- The incremental income generated from any additional fixtures should be assessed net of any such extra costs.
- Have additional costs been incurred in relation to the recruitment and retention of staff as a direct consequence of the increased workloads associated with the growth in the number of fixtures.

**5.2.6 How should the fixture list be composed to facilitate a greater clarity and narrative to the product based around its quality events?**

- Could Premier Racing, or some version of it, provide an appropriate framework for a narrative of such feature events?
- Is there a need to revisit the presentation and promotion of landmark events in order to create shop windows with long-lasting and significant impact for British Horseracing's customers?
- Are the landmark events sufficiently well-defined and linked into an on-going narrative based around British Horseracing's seasons and championships?

**5.2.7 How should AWT fixtures be positioned within British Horseracing?**

- Should there be greater differentiation between Flat turf fixtures and AWT fixtures, with separate fixture matrices established to maintain an optimal balance between them?
- As the number of AWT fixtures has expanded, the industry has commenced implementation of a strategy that, over the next few years, will lead to the creation of a series of black-type events during the five months from November to March, recognising that such a Pattern would have much to offer in terms of keeping horses in training and, more specifically, in training in this country. Should additional steps be taken to improve the quality of AWT racing in Britain, particularly outside the winter months? How could any such initiatives be delivered without damaging turf racing's quality events? Is the staging of a future Breeders' Cup, or equivalent, in Britain a realistic objective?

**5.2.8 Does Jump racing, for which the fixture list has remained relatively stable throughout recent years, require its own separate consideration as part of the wider review?**

- Are there any fixture-related issues specific to Jumping that respondents would wish to incorporate within the review?

**5.2.9 How would the fixture list best meet the needs of television to create greater audience numbers/shares, thereby maximising the promotion of British Horseracing through such exposure?**

- In the light of comments made by the BBC following the 2007 Grand National (i.e. supporting a 5:00 p.m. start), what similar measures could maximise the exposure of British Horseracing's feature events to television audiences?

### 5.3 Information required to address the sporting-related issues

- 5.3.1 As part of their submissions, the Board will invite respondents to provide their views and supporting evidence in respect of any of the sporting issues highlighted above.
- 5.3.2 The Racing Department will undertake an analysis of the demand for opportunities throughout the year with reference to the latest available data. In addition, to estimate the unmet demand for opportunities (or 'real' eliminations), the Racing Department will refer to a model which analyses each elimination within specified dates, discarding those that occur:
- (i) seven days before or after a run elsewhere  
or
  - (ii) within seven days following an earlier elimination that was not discarded as a consequence of (i) above.
- 5.3.3 As part of this analysis, the Racing Department will also consider the latest available data to establish the current trend in horse population growth and its likely impact on the demand for future opportunities.
- 5.3.4 The governing bodies in Ireland and France will be invited to outline their attitudes towards the provision of opportunities for their horse population and the relationship between their approach and the distribution of prize money across fixtures.
- 5.3.5 The Levy Board Executive will also be invited, in partnership with the Racing Department, to undertake an analysis of the impact of the fixtures created from 2004 on the allocation of the main prize fund across the fixture list and the impact on the funding of the industry's landmark events. This may lead into considerations of the need for a more significant Development Fund to support the better class of horse.

- 5.3.6 The Racecourse Inspectorate will be asked to provide an assessment of whether there have been any changes in the quality of the racing surfaces at Britain's racecourses in recent years, identifying any examples of where an increase in the number of fixtures has resulted in deterioration at a particular venue. In addition, observations will be invited in relation to injury rates in lower grade races.
- 5.3.7 British Horseracing's media partners are asked to report on how the coverage of racing has fared in recent years and, also, to comment on the balance between editorial promoting racing's main events, and the publication of racecards. Those partners will be asked to consider how both parties could work more closely in the future to optimise the benefits such partnerships could offer.
- 5.3.8 Those involved with broadcasting British Horseracing are asked to submit their views on how racing could better promote itself to television audiences.

## **6. BRITISH HORSERACING AS A CENTREPIECE FOR RACECOURSE AND OTHER LEISURE INDUSTRY ACTIVITY**

### **6.1 Racing's racecourse and leisure industry-related objectives**

- 6.1.1 The Economic Impact of Racing, produced by the BHB and Deloitte in 2006, identified that British Horseracing competes for consumers not only with other sports but also with the wider range of leisure activities. Expenditure on leisure activities in Britain was estimated to be over £85 billion in 2005, with an almost endless number of options as to how individuals can choose to spend their leisure time. Furthermore, the total leisure market is forecast to grow by 15% between 2005 and 2009. To maintain its relative position, as well as ensuring that forward looking and creative strategies are employed, British Horseracing will need to ensure that the fixture list provides opportunities to race at times that are convenient to the leisure market.
- 6.1.2 Approximately 2.5m individuals attended at least one fixture in 2005, equating to cumulative total attendances of around 5.9m, generating almost £90m in admission revenue and on-course catering spend of £80m.

- 6.1.3 The racegoer profile shows a small number of high frequency racegoers and increasing numbers of less frequent racegoers. A core of around 300,000 racegoers account for around half of total annual attendances.
- 6.1.4 It has been identified that there remains a significant latent, or relatively untapped population, who are either receptive to the idea of attending racing or whose attendance has lapsed:

**British population's attitude to attending race meetings**

<u>Category</u>	<u>% of population</u>	<u>Behaviour</u>
Closed racegoer	61%	Never been and no interest
Potential racegoer	3%	Never been and interested
Lapsed racegoer	26%	Been but not in last year
Current racegoer	7%	Been in last year

Note: 3% expressed no opinion

Source: Economic Impact of British Racing (2006).

- 6.1.5 Approximately 65% of racegoers only attend a race meeting once a year, indicating a high proportion of 'unique' racegoers. This differs from other sports that have a much higher number of frequent attendees, and this represents an opportunity for racing to further engage this group and develop a racing 'habit'.
- 6.1.6 British Horseracing, and racecourses in particular, have for some time been pursuing initiatives to increase attendances. These include simplifying the terminology, proactive and targeted marketing, combining other forms of entertainment with racing (such as concerts after the racing), and increasing branding of fixtures.
- 6.1.7 Nevertheless, as part of the review, the Board will need to consider how fixtures can be best positioned to tap deeper into the leisure market, and to take advantage of its anticipated future growth.
- 6.1.8 British Horseracing offers a wide range of sponsorship opportunities, although it competes in a tough marketplace with other sports and leisure activities. Racecourse sponsorship totalled approximately £18m in 2006, with over a third of sponsored races supported by companies from the betting industry.

6.1.9 'The Racing Experience', Part Two of the report of the Racing Review Committee published in June 2003, identified that 'the problems which major potential sponsors have with racing may be grouped under the headings of Image, Structure and Understanding'. The Committee found that overcoming these was primarily dependent on racing establishing clear narratives for its product, although acknowledging that there are entrenched negative attitudes to the sponsorship of racing by major consumer brands that will take a concerted effort over many years by the whole of the industry to overcome.

## 6.2 Issues concerning racecourse and leisure industry-related objectives

### 6.2.1 **Does the existing fixture list provide sufficient fixtures in commercially attractive slots?**

- Does the existing fixture allocation process facilitate the trading of fixtures in such slots to maximise their value to the industry as a whole?
- Are additional fixtures in commercially attractive slots required to encourage the once-a-year racegoer to increase the frequency of their visits and/or to facilitate the attendance of potential and/or lapsed racegoers?
- At what times of year and on what days of the week are these slots?
- At what times of the day should such fixtures commence to appeal most to the leisure market?

### 6.2.2 **What measures can the industry at large and individual racecourses adopt to promote fixtures in these slots?**

- What motivates different customer groups to attend race meetings? How important, for example, is the quality of racing for attendees?

### 6.2.3 **Is it desirable or (in the light of the agreement with the Office of Fair Trading) feasible for geographical location to be considered as part of the fixture allocation process?**

**6.2.4 Is British Horseracing making best use of the opportunities provided by the calendar, e.g. Bank Holidays, to attract new racegoers?**

- With Bank Holiday fixtures relatively unattractive from the perspective of the corporate customer and sponsor, does the current funding mechanism provide sufficient incentive for racecourses to make best use of such days when potential (new) racegoers are available en masse?
- Should the fixture list be better able to take account of local opportunities, and respond to local competitive threats?

**6.2.5 What measures can be adopted to attract increased corporate sponsorship at fixtures?**

- Is a stronger narrative required to promote British Horseracing to potential sponsors?
- What long-term measures can be taken to break down entrenched negative attitudes to the sponsorship of British Horseracing?
- Is there a need, as recommended in 'The Racing Experience', for the promotion of racing-related sponsorship opportunities that are featured on terrestrial television to be co-ordinated by a single, industry-wide sponsorship unit that has the relevant sponsorship skill, knowledge and expertise?

**6.2.6 What is the role for quality racing in promoting the sport generally?**

- How can quality racing be harnessed to help create an overall narrative for the sport which will benefit everyday racing?
- How can the collective story of British Horseracing be used to drive interest and attendance from the bottom-up?

**6.3 Information required to address the racecourse and leisure industry-related objectives**

**6.3.1 In October 2006, the BHB Marketing Department revisited the recommendations included in 'The Racing Experience', commenting on**

progress to date and where opportunities for further improvements exist. This review will be considered, including identifying those recommendations that remain valid but have yet to be fulfilled.

6.3.2 The RCA and racecourses are invited to submit their view of the optimal fixture criteria and, in particular, confirm any demand for additional fixtures in commercially attractive slots. This will involve the RCA confirming the results of their recent survey of racecourses identifying the appetite for such additional fixtures and confirming when any such fixtures would ideally be staged.

6.3.3 Racecourses will also be invited to provide any information from their customer databases that identifies what motivates spectators to attend race meetings.

6.3.4 Representatives of racing's sponsors will be asked to include within its submissions consideration of how British Horseracing can enhance its attractiveness to those already involved in the sport and to those who currently prefer alternative vehicles and/or do not consider British Horseracing, for promoting their brands.

## 7. **BRITISH HORSERACING AS A BETTING PRODUCT**

### 7.1 Racing's betting-related objectives

7.1.1 British Horseracing has a unique relationship with the betting industry, which itself has become increasingly diverse in recent years. British bookmakers remain, by a considerable margin, racing's most significant commercial partners. They are being joined by betting exchanges, and driving increased pool betting on racing is a high priority.

7.1.2 The review will seek to identify how British Horseracing and UK betting operators can best achieve their objectives of promoting British Horseracing, and betting on British Horseracing.

7.1.3 The bookmakers have reported that, throughout recent years, the proportion of total betting turnover and gross profit accounted for by British Horseracing has fallen as they have diversified their product offering, particularly with the expansion of Fixed Odds Betting Terminals

(FOBTs). However, the gross win on British Horseracing continued to increase up until 2004/05 (when it totalled over £1.1 billion, up 30% from 2002/03). This has fallen since, with the levy yield declining from £97.3m in 2004/05 to £91m in 2005/06.

- 7.1.4 Betting product diversification and racing’s loss of market share is a major issue. However, racing is still acknowledged as a key driver of betting operator business. A 2005 MORI survey of LBO customers found that 79% of customers bet at least once a month on racing. This was by a very considerable margin the highest of any product – with the next highest being greyhound racing (34%) and football (30%), with FOBTs only 9%.
- 7.1.5 The attractiveness of racing to the newer, younger betting customer is a further issue that the review wishes to address. The 2006 Ladbrokes’ Annual Report confirmed that betting on football, other sports and numbers is proving particularly attractive within this customer group. This was illustrated with reference to a 2006 MORI survey, summarised in the table below:

**Industry Betting Product Split**

<u>Age Group</u>	<u>Betting on racing</u>	<u>Betting on football</u>
18-34	21%	54%
35-54	42%	32%
55+	37%	14%

Source: Ladbrokes PLC 2006 Annual Report

- 7.1.6 Despite racing’s loss of market share and reduction in gross profits, Ladbrokes reported in September 2006 that ‘many elements of a bookmaker’s products suffer peaks and troughs in popularity but Jump racing has proved a glowing exception...In truth, the sport has enjoyed sustained growth over many years’. The review will look to explore these issues. Accordingly, the review will consider whether, for instance, lessons can be taken from the fact that the strong performance of Jump racing in recent years has been achieved without any significant expansion of its fixture list.
- 7.1.7 The Board needs to understand what drives punters to British Horseracing, and therefore invites responses across all these issues.

7.1.8 In summary, by working with its partners in the betting industry, the Board considers that British Horseracing should aim to provide a fixture list that programmes fixtures at times when they will maximise the sport's income and net return, and also, to ensure that the fixtures produce an attractive betting product that appeals to both new and existing customers.

## 7.2 Issues relating to the betting-related objectives

### 7.2.1 **Confirmation is sought in respect of how British Horseracing has fared in the various betting markets during recent years.**

- What have been the recent trends in British Horseracing's:
  - Market share
  - Betting turnover – in total and on a like-for-like basis, particularly in respect of British Horseracing's quality events
  - Gross win – in total and as a percentage of the betting industry's total gross win
- From a betting perspective, has the relative performance of the two codes of racing deviated during this period? If so, what factors have contributed to such diverging performances?

### 7.2.2 **In the light of the recent expansion of the fixture list, what has been the marginal contribution to British Horseracing as a whole of the additional fixtures?**

- What has been the impact on the levy yield of the expansion of the fixture list since 2003?
- How significant are the substitution effects arising from the creation of additional fixtures? How much of any additional levy generated is considered to be incremental?
- At what stage does the incremental levy generated fail to cover the costs associated with staging additional fixtures?

- Is there evidence that any threat to the integrity of racing is heightened within lower grade racing as a result of, for example, unscrupulous individuals profiting from 'inside information' by laying horses to lose? All security and integrity-related costs need to be factored in to the cost equation when assessing the marginal contribution of additional (primarily low-grade) fixtures.
- From a betting perspective, how has the performance of the newly created fixtures varied by time of year, day of week and time of day?

**7.2.3 Where does bookmakers' trading experience indicate that the real opportunities exist for British Horseracing and its fixture list?**

- How many fixtures does the betting industry desire?
- When does it want them staged (i.e. by day of week, time of the day)?

**7.2.4 With the increasing internationalisation of gambling markets, and the development of the co-mingling of pool bets, are fixtures currently scheduled at the appropriate times of day to exploit such markets?**

- Would British Horseracing's attractiveness to the international markets increase if fixtures were staged at different times of the day? If so, would these fixtures generate sufficient income to support and justify their scheduling?

**7.2.5 What factors are significant in determining the attractiveness of particular fixtures and races to the betting industry's existing customers?**

- How are betting turnover indices affected by factors such as:
  - Month of year
  - Day of week
  - Time of race
  - Code of fixture
  - Class of fixture and/or race
  - Race type
  - Field sizes
  - Television coverage

- Number of fixtures in the session and the relative strength of each particular fixture (i.e. 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup>, 4<sup>th</sup>)
- Is there a robust commercial case for imposing field size restrictions to facilitate additional fixtures?

**7.2.6 Will the new regulatory regime for betting that the Gambling Commission will create from September 2007 impact upon the betting industry's attitude towards racing as a betting product, thereby affecting its requirement for fixtures?**

**7.2.7 Is racing readily accessible to newcomers to the gambling market?**

- Do barriers exist leading to the betting industry's new/younger customers tending to favour products other than racing?
- If so, what are these barriers and what steps can British Horseracing take to break them down?

7.3 Information required to assess the betting-related objectives

7.3.1 The Board believes that the close relationship between British Horseracing and the betting industry means that it is in the interests of both to work together to identify the optimal fixture list. The review invites submissions from British bookmakers, the Tote, betting exchanges and those agents exporting British Horseracing to markets overseas, as well as punters.

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**Fixture List Review: Contact Details**

Please send your comments, by 29<sup>th</sup> June 2007, to Fixture Review, 151 Shaftesbury Avenue, London, WC2H 8AL or to [fixturereview@bhb.co.uk](mailto:fixturereview@bhb.co.uk).