

**A SURVEY OF
RACE TRACK MARKETING
DEPARTMENTS**

SEPTEMBER 2000

**Survey conducted by
The University of Arizona
Race Track Industry Program**

for

Harness Tracks of America

FOREWORD

The majority of work on this study was completed by the Race Track Industry Program students at the University of Arizona as a part of the Marketing and Media Relations class project during the Spring 2000 semester.

Marketing class members included: Mike Costanzo, Jennifer Delaittre, Lauren Evans, Tony Galindo, Juli Graham, Heather Haviland, Ki-Sun Kim, Cynthia Madden, Justin McCormick, Andy Moran, Stacia Mumm, Jennifer Paige, Adrienne Pederson, Desiree Prudhomme, Shar Rudland, Richard Scheidt, Pete Selin, Jon Shonk, Jenelle Simpson, Tiffany Stevens, Jennifer Townsend, Whitney Vandermark, Scot Waterman and Tora Yamaguchi.

Unfortunately, the semester came to a close prior to completion of the project. At the resumption of classes in the fall, original class member Jennifer Delaittre continued the project by gathering additional responses to the questionnaire, collating the information and completing the project.

The entire report was edited for publication by Sable Downs of the HTA staff.

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Objective

The objective of this project was two-fold. First, as a class project, the aim was to learn how to create a questionnaire. The first goal was how to determine and focus on what specific information was sought and how to clearly formulate the questions to get that information. The second was the process of questionnaire distribution, collection and collation of the raw data.

The second part of this project was to utilize the instrument created to analyze how marketing departments at tracks are structured. To see how closely textbook theory mirrors the reality of what goes on in the trenches, or at the track as the case may be. An additional opportunity was taken to compare harness and thoroughbred racing (thoroughbred meets and mixed thoroughbred/quarter horse meets) tracks' marketing department operations. The 15 harness and 10 thoroughbred racing tracks represent of a variety of track sizes and geographic locations in both the United States and Canada.

Summary

We found that the “real world” of race track marketing racing does fall within the usual boundaries of textbook theory. There are a few interesting exceptions, but for the most part, things are done “by the book.” Also illustrated is the fact that harness and thoroughbred racing race tracks are very similar in their approach to marketing racing. In some cases, it is readily apparent how some industry the stereotypes are perpetuated.

The results of the study are broken down into three sections. The first looking at the methods of department operations, or “How the Tracks Do What They Do.” The second section focuses on how racing is positioned and how the marketing message is defined or “What is Marketed and to Whom.” The third section is where we asked to respondents to dream a little and make a “Wish List” of what they would like to have or do to make their marketing more effective.

**SECTION 1:
HOW THE TRACKS
DO WHAT THEY DO**

How many people make up your track's Marketing Department? Does the Marketing Department include people whose job function would be considered public relations? Is there a separate Public Relations Department and if so, how many people make up the department?

Number of people in the marketing departments at tracks with separate marketing and public relations departments (Figures 1 and 2)

Harness Racing Marketing Departments

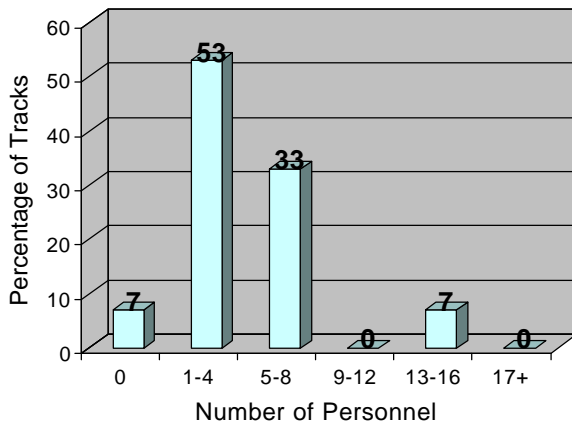


Figure 1

Thoroughbred Racing Marketing Departments

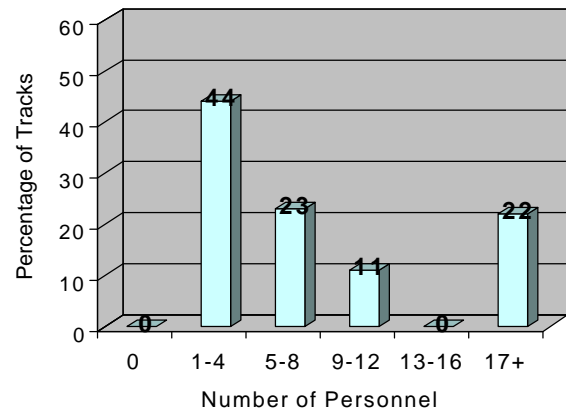


Figure 2

Total number of people working in both the marketing and public relations departments (Figures 3 and 4)

Harness Racing Marketing and Public Relations

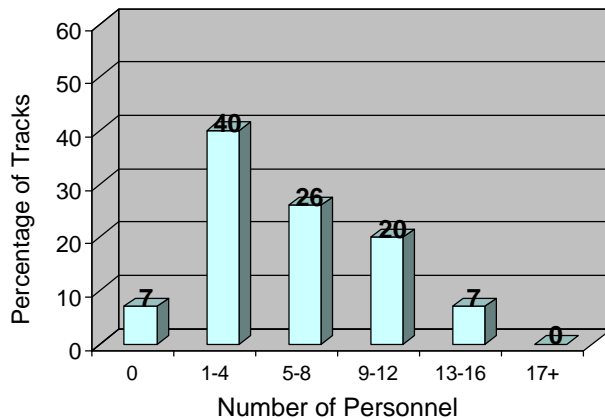


Figure 3

Thoroughbred Racing Marketing and Public Relations

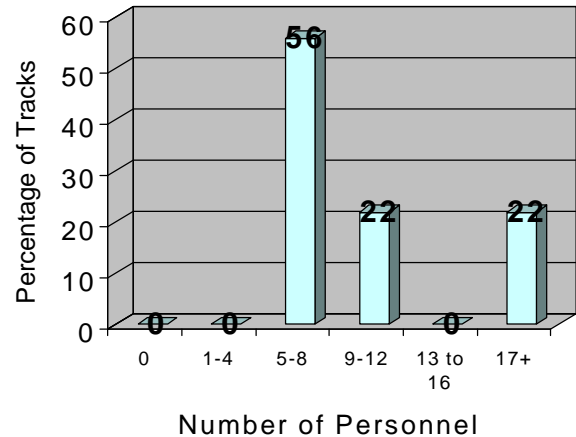


Figure 4

In both the harness and thoroughbred racing tracks, 67% of the tracks participating had public relations functions included within the marketing department while 33% had separate departments for the two areas.

How is the marketing department budget developed at your track?

Percentage of estimated handle;
Historical (last year's budget with specific increases or decreases);
A set budget number used from year to year;
Other.

**Harness Racing
Budget Development**

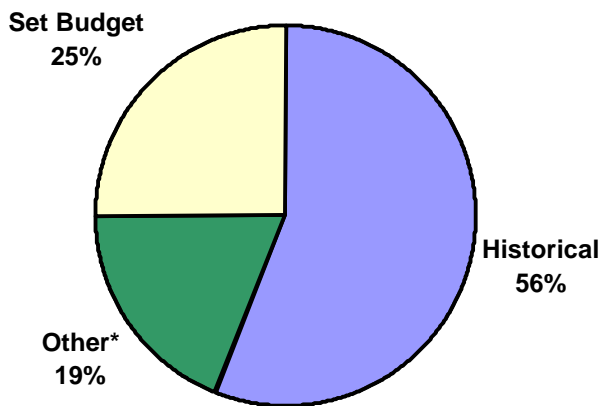


Figure 5

**Thoroughbred Racing
Budget Development**

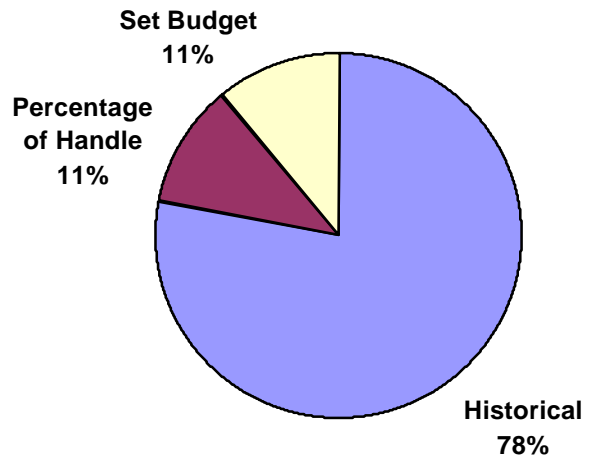


Figure 6

Responses in the “other” category included: budget based on goals to be accomplished and revenues earned from gaming subsidies.

What is your track's marketing budget for the current year/season?

- Under \$50,000;
- \$50,000 - \$100,000;
- \$100,000 - \$250,000;
- \$250,000 - \$500,000;
- \$500,000 - \$1,000,000;
- over \$1,000,000.

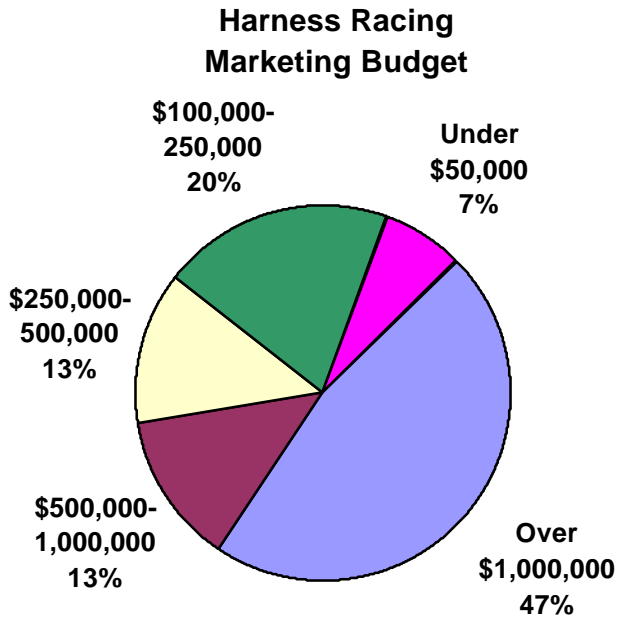


Figure 7

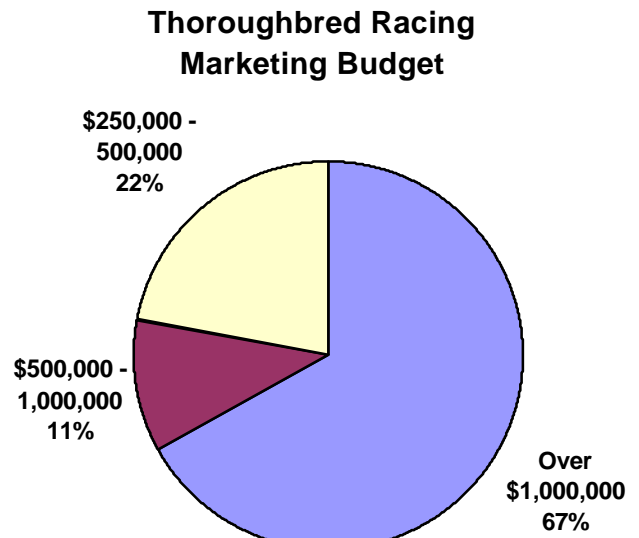


Figure 8

Approximately what percentage of the marketing budget is allotted to administrative expenses (salaries, technical support, etc.) of the department?

- Below 25%;
- 25% - 50%;
- 50% - 75%;
- over 75%.

Percentage of Marketing Budget Used for Administrative Expenses in Harness Racing

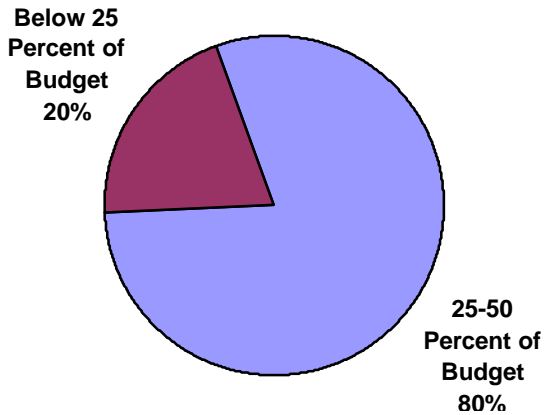


Figure 9

Percentage of Marketing Budget Used for Administrative Expenses in Thoroughbred Racing

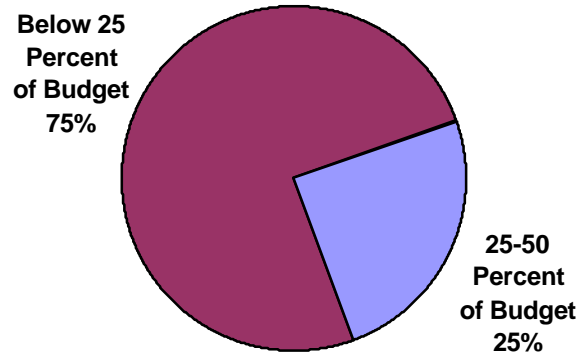


Figure 10

When broken down by size of Budget (Figures 7 and 8) the percentages of administrative expenses are as follows:

Harness Racing

Size of Budget	Administrative expenses under 25% of budget	Administrative expenses 25 – 50% of budget
under \$50,000	100%	0%
\$50,000-100,000	NA	NA
\$100,000-250,000	67%	33%
\$250,000-500,000	100%	0%
\$500,000-1,000,000	50%	50%
over \$1,000,000	86%	14%

Thoroughbred Racing

Size of Budget	Administrative expenses under 25% of budget	Administrative expenses 25 – 50 % of budget
\$250,000-500,000	50%	50%
\$500,000-1,000,000	100%	0%
over \$1,000,000	80%	20%

Approximately what percentage of the budget is allotted to the following strategies to help you reach your objectives?

Advertising (print, TV, etc.);

Promotions - premiums (not including the supporting advertising);

Promotions - special events (not including the supporting advertising);

Direct mail;

Other.

**Harness Racing
Marketing Mix**

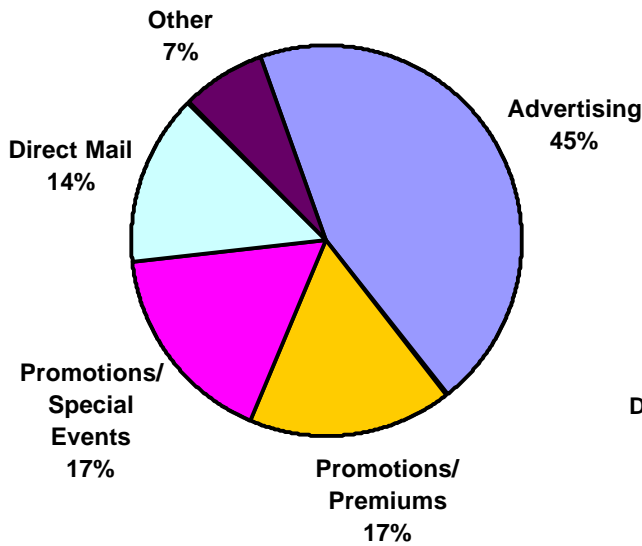


Figure 11

**Thoroughbred Racing
Marketing Mix**

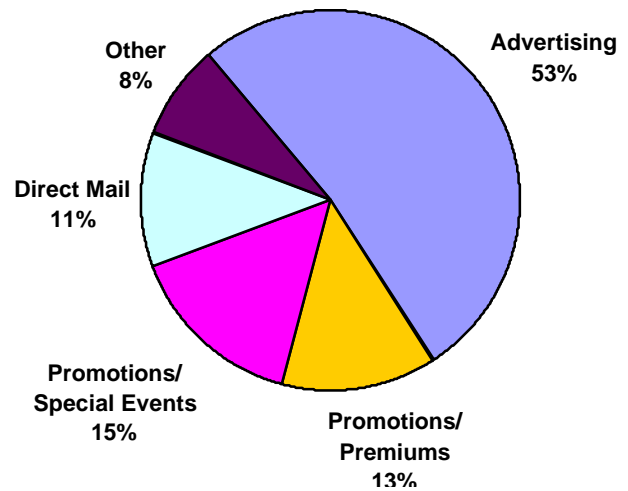


Figure 12

Responses in the “other” category included: sponsorship, group sales, Internet development, video, restaurant tasting nights and cultural events.

Harness Racing Range of Highest and Lowest Expenditures for Each Category

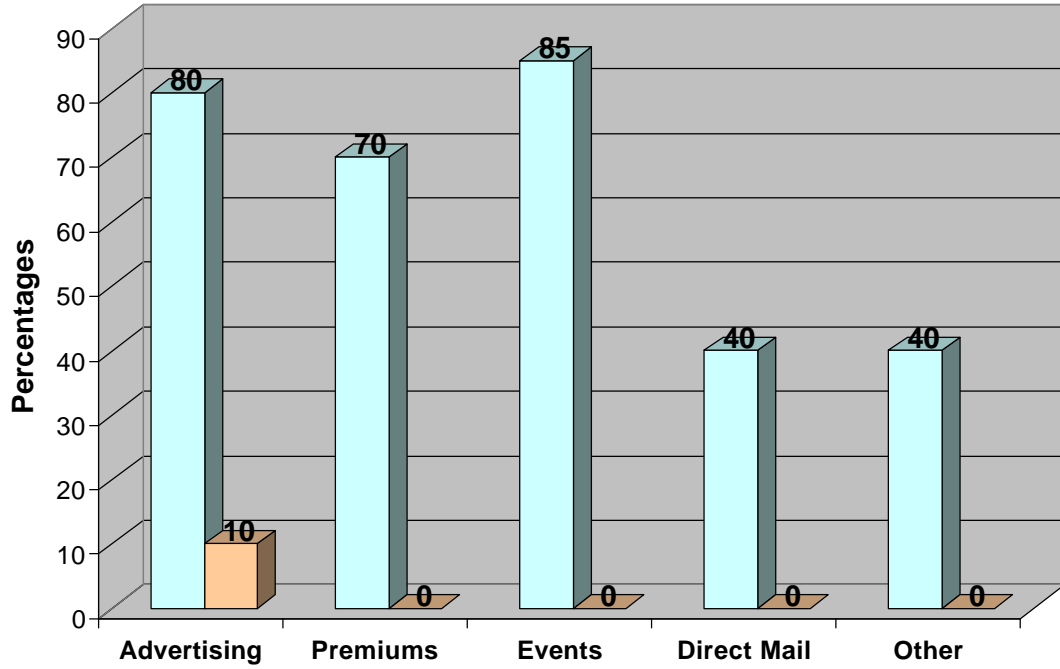


Figure 13

Thoroughbred Racing Range of Highest and Lowest Expenditures for Each Category

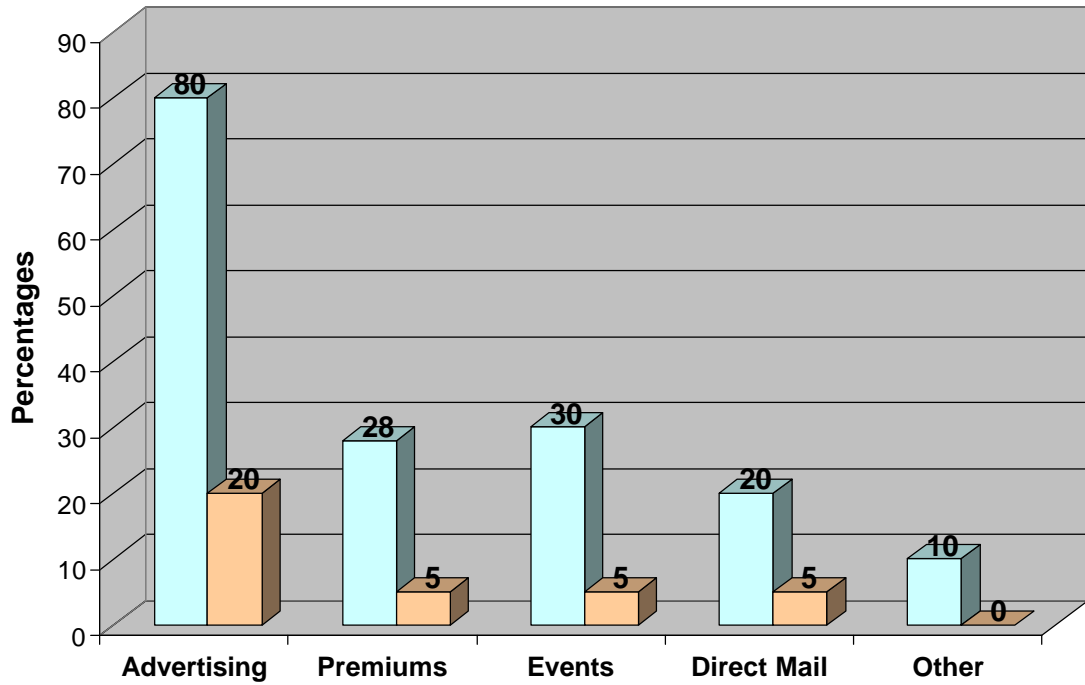


Figure 14

Within the advertising section of the budget, approximately what percentage is allotted to: print, television, radio, outdoor, other?

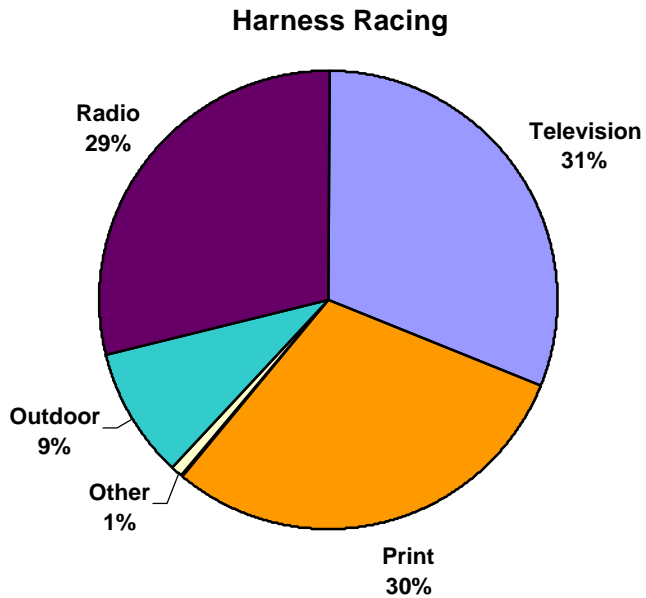


Figure 15

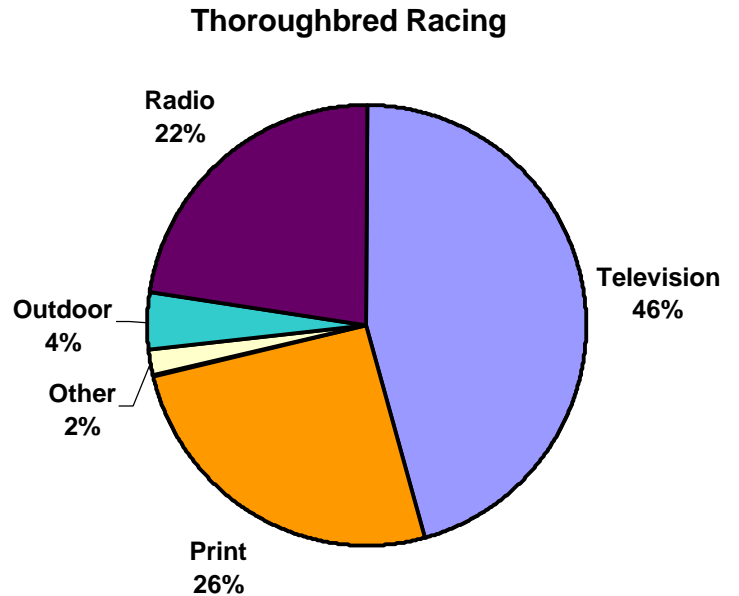


Figure 16

Responses in the “other” category included: industry publications, local magazines, direct market publications and movie theater screens.

Harness Racing Range of Highest and Lowest Expenditures Reported for Each Advertising Category

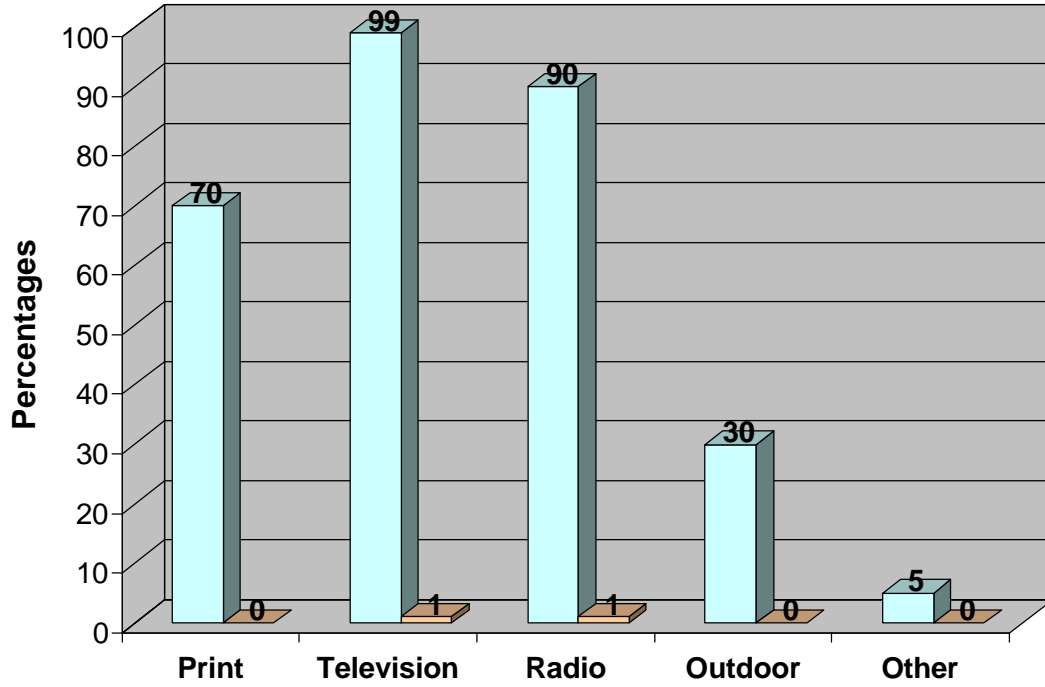


Figure 17

Thoroughbred Racing Range of Highest and Lowest Expenditures Reported for Each Advertising Category

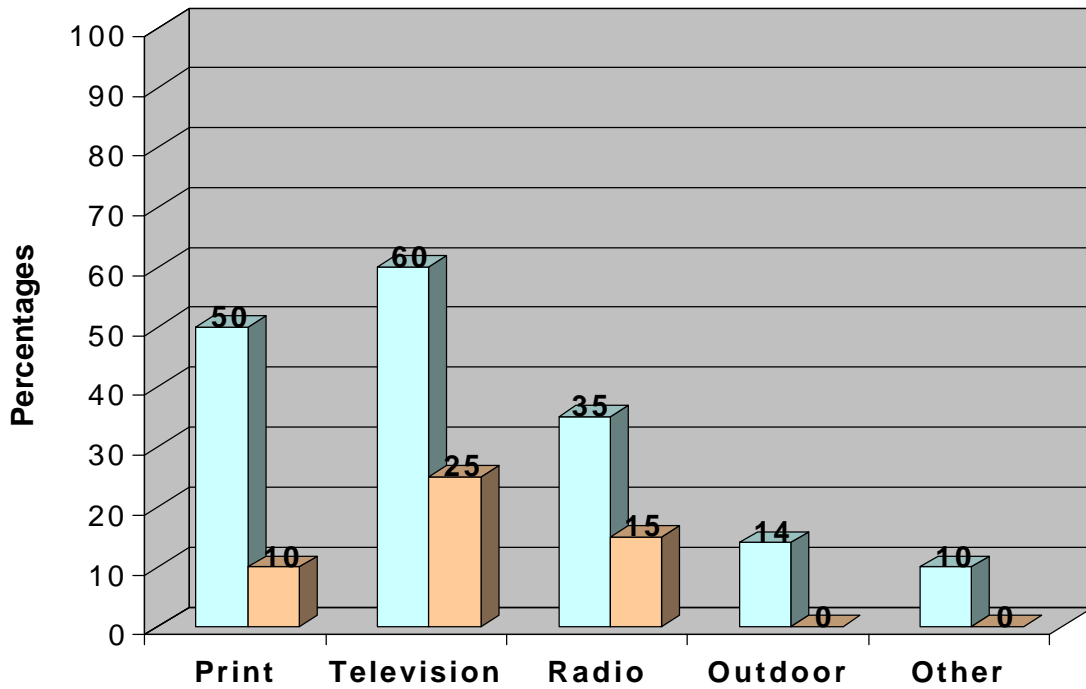


Figure 18

What outside agencies do you utilize to complete the functions/tasks associated with these businesses?

- Advertising agency;
- Media buyer;
- Production studios/personnel;
- Printer/print shop;
- Mail list/database services
- Other (listed were web site designers and graphic artists)

Harness Racing Use of Additional Support in Marketing

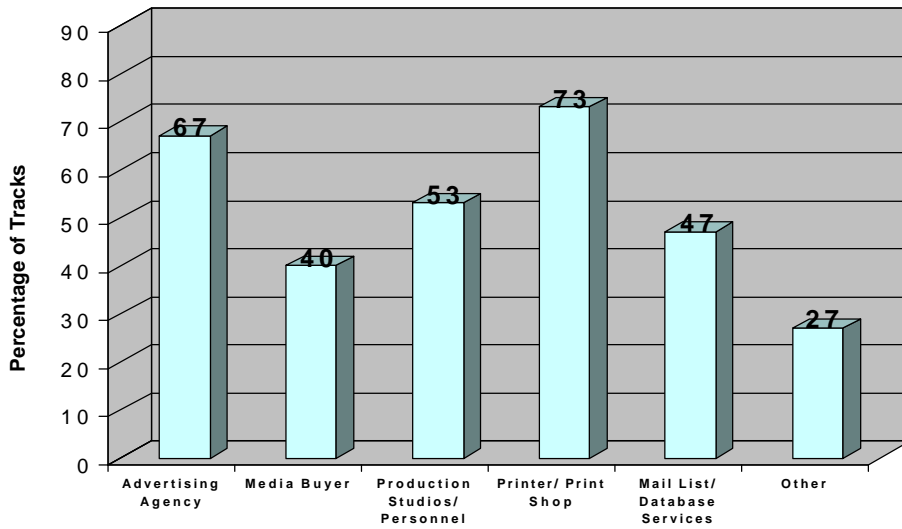


Figure 19

Thoroughbred Racing Use of Additional Support in Marketing

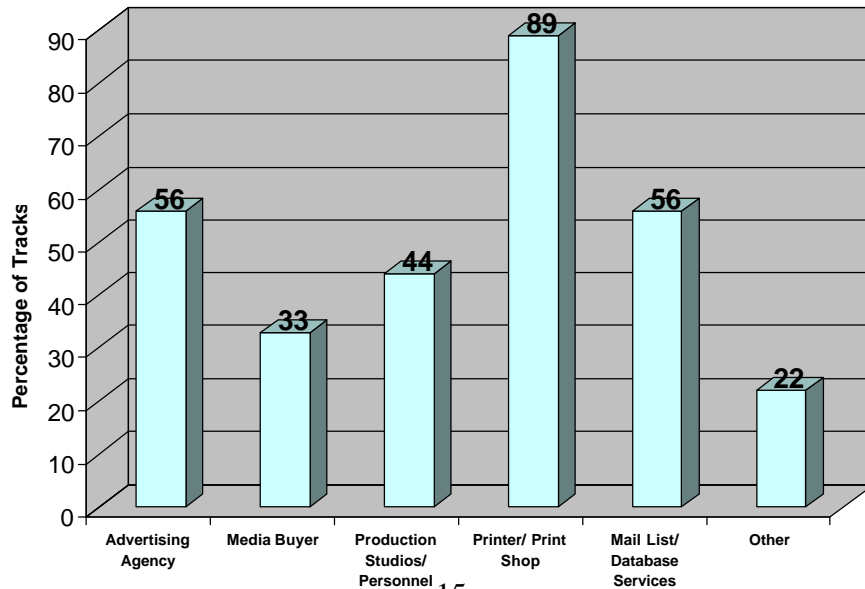


Figure 20

Are finite goals or objectives (specific targeted attendance / handle figures or increases in percentages from the previous year, etc.) established to evaluate the effectiveness of the Marketing Department?
Are goals are set for the entire season and/or set specifically for each event?
Is the department evaluated on a seasonal or yearly basis?

**Harness Racing
Department Evaluation**

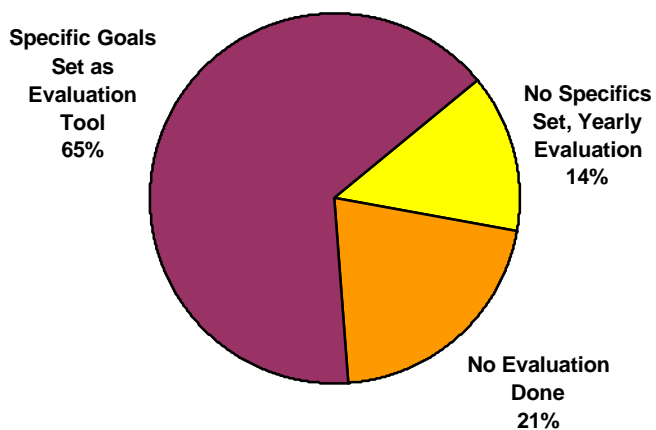


Figure 21

**Thoroughbred Racing
Department Evaluation**

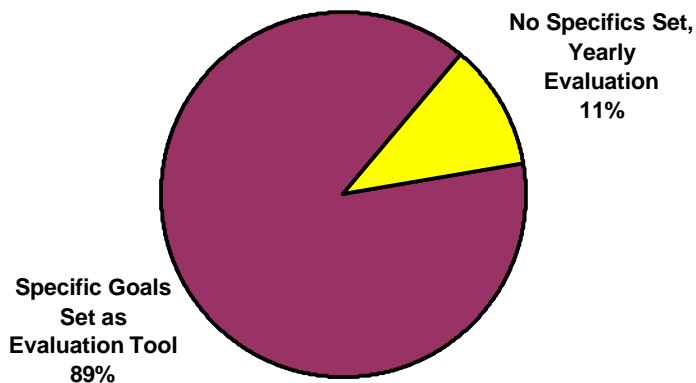


Figure 22

How Goals Are Set, Annually or By Season, in Harness Racing Marketing Departments

(Percentages do not add up to 100% given the fact that some tracks use both methods during a single season.)

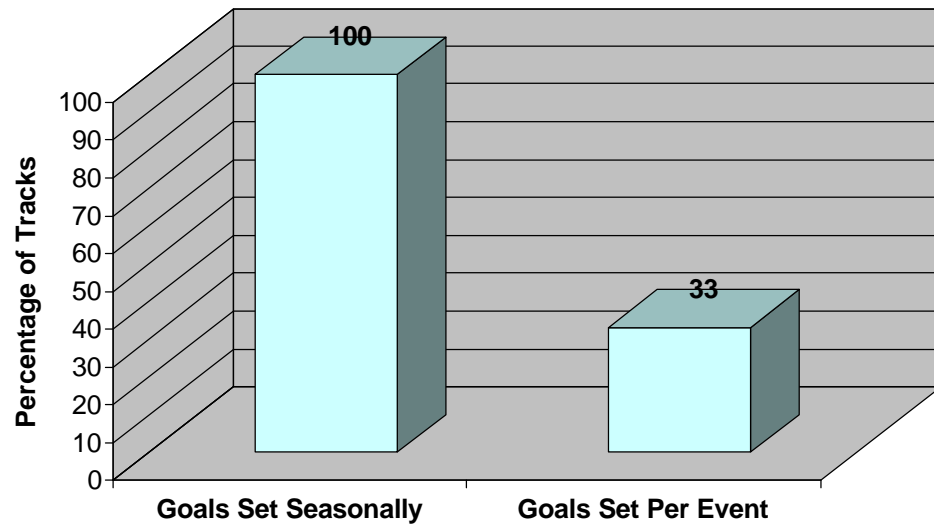


Figure 23

How Goals Are Set, Annually or By Season, in Thoroughbred Racing Marketing Departments

(Percentages do not add up to 100% given the fact that some tracks use both methods during a single season.)

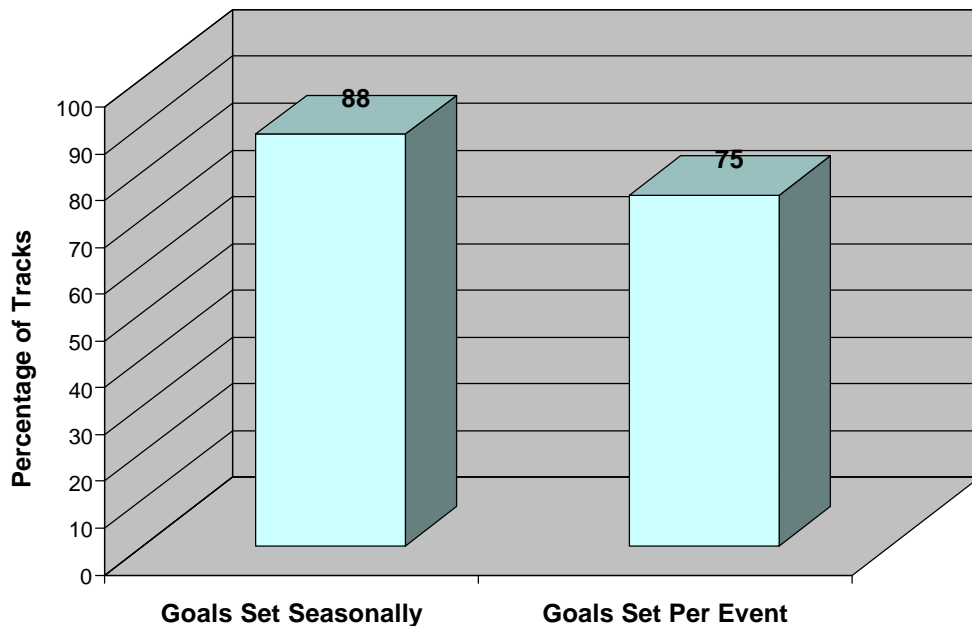


Figure 24

**SECTION 2:
WHAT IS MARKETED
AND TO WHOM**

To what frequency (always, frequently, occasionally, never) does your track position racing as gambling?

Harness Racing - Gambling

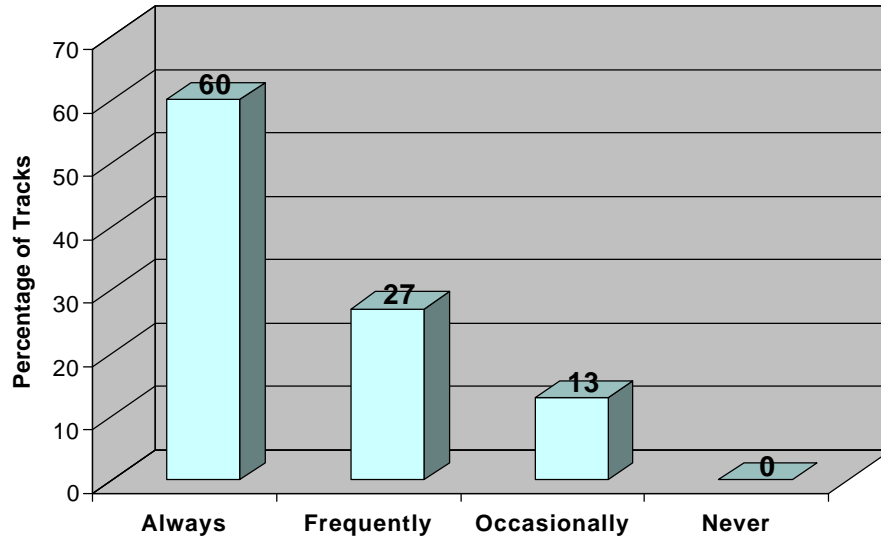


Figure 25

Thoroughbred Racing - Gambling

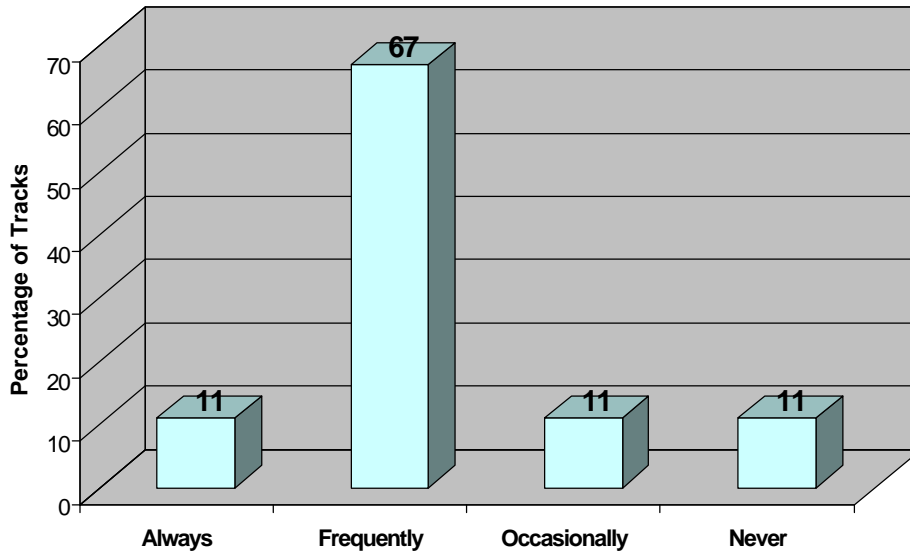


Figure 26

To what frequency (always, frequently, occasionally, never) does your track position racing as entertainment?

Harness Racing - Entertainment

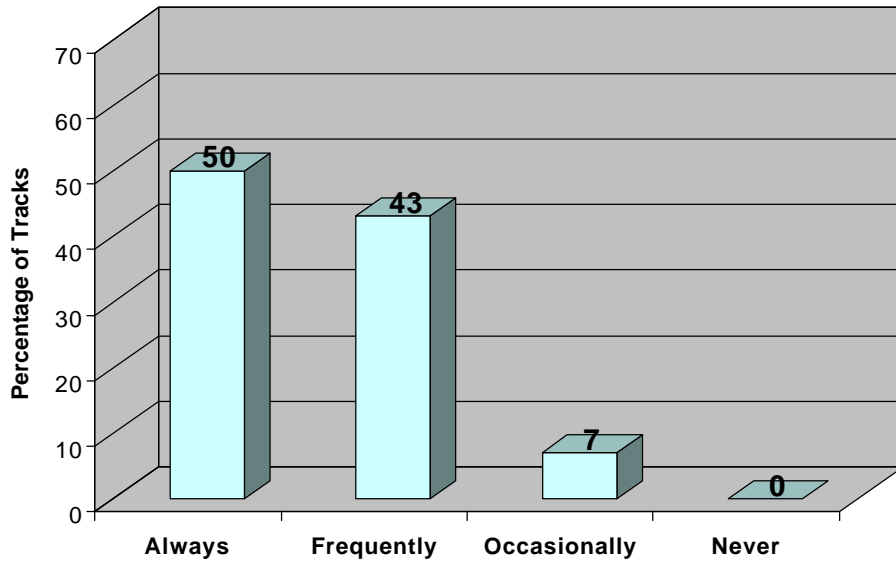


Figure 27

Thoroughbred Racing - Entertainment

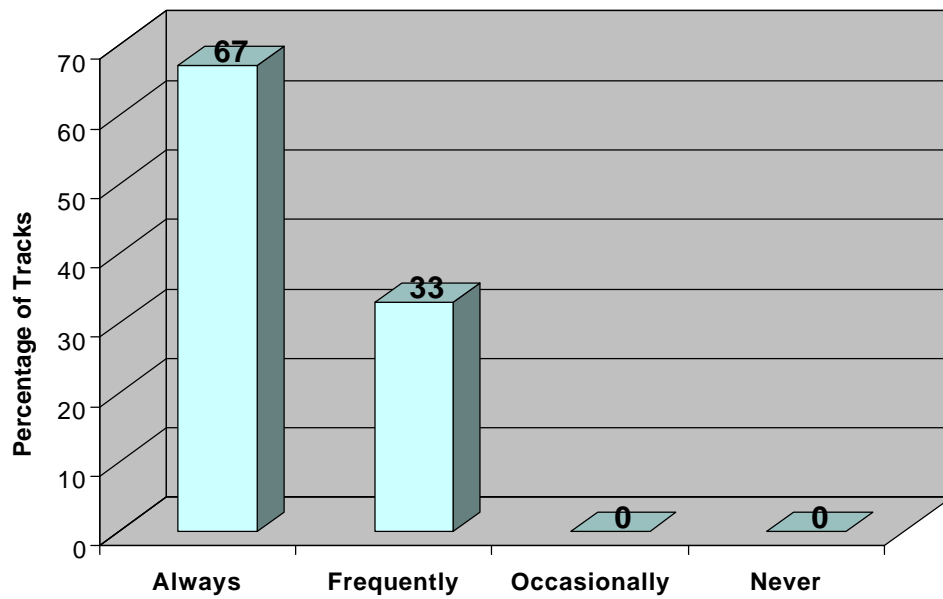


Figure 28

To what frequency (always, frequently, occasionally, never) does your track position racing as a sporting event?

Harness Racing - Sporting Event

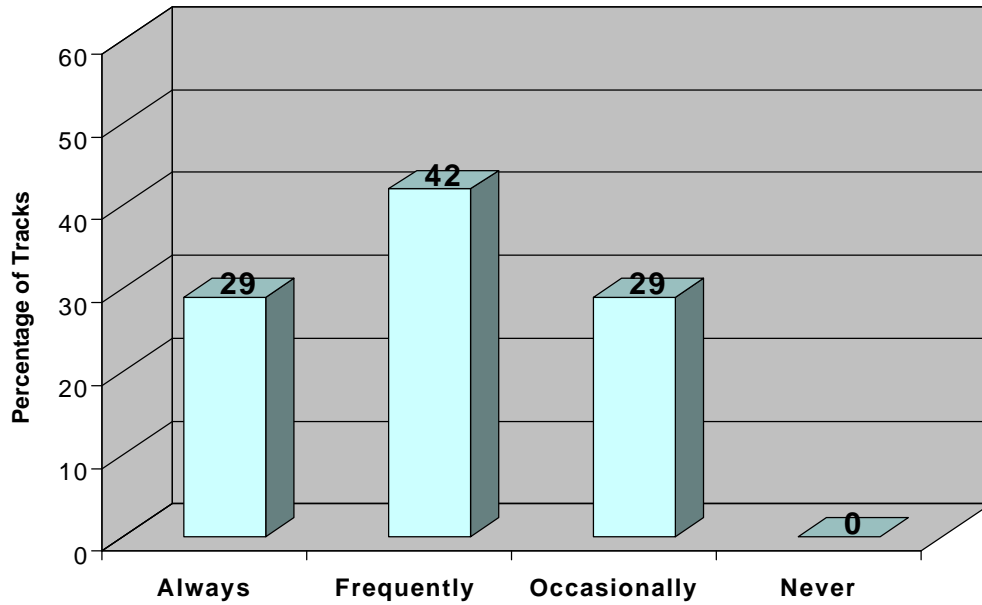


Figure 29

Thoroughbred Racing - Sporting Event

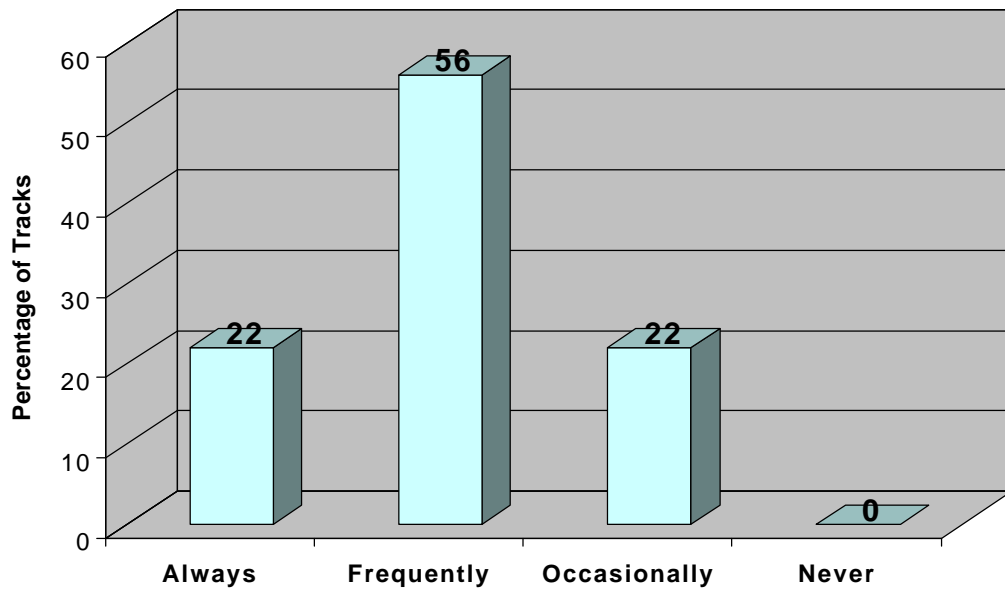


Figure 30

To what frequency (always, frequently, occasionally, never) does your track position racing as family entertainment?

Harness Racing - Family Entertainment

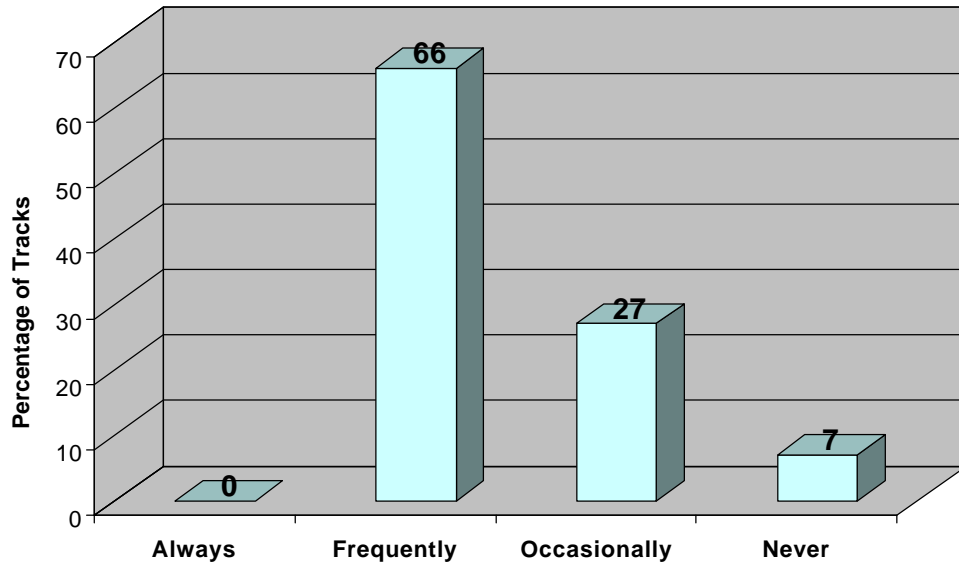


Figure 31

Thoroughbred Racing - Family Entertainment

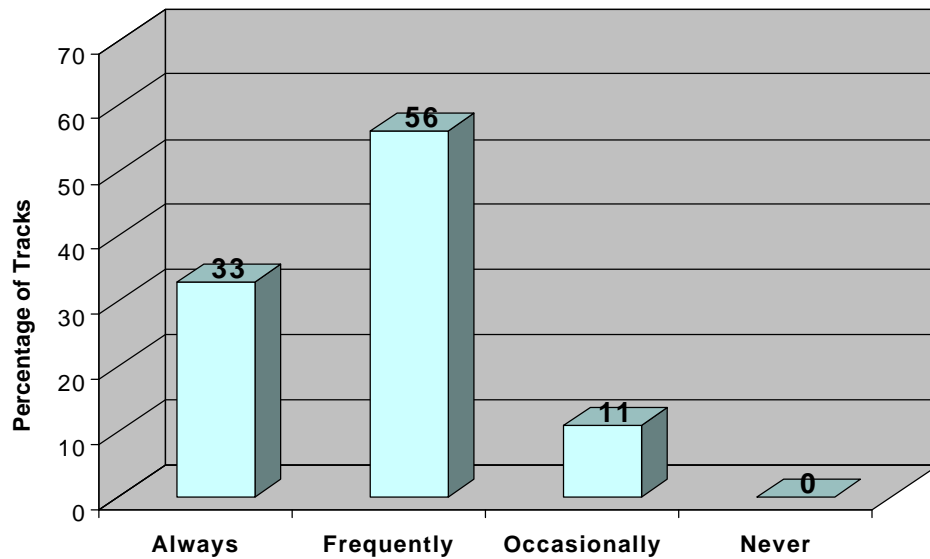


Figure 32

Have you identified a specific target market that directs your marketing efforts during the live meet?

Yes, we target a specific market segment (please describe the demographics of this target market).

Yes, we target multiple market segments throughout the season through different promotions and events.

No, our marketing is broad-based and not necessarily segmented to any specific market segment(s).

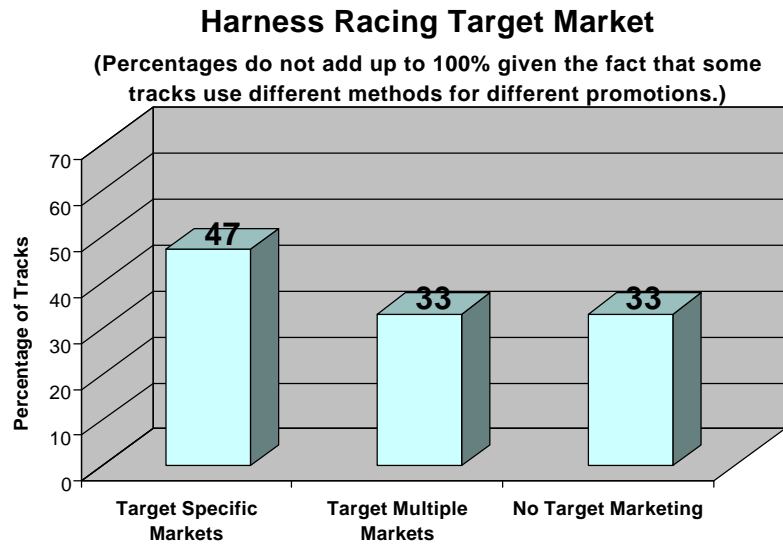


Figure 33

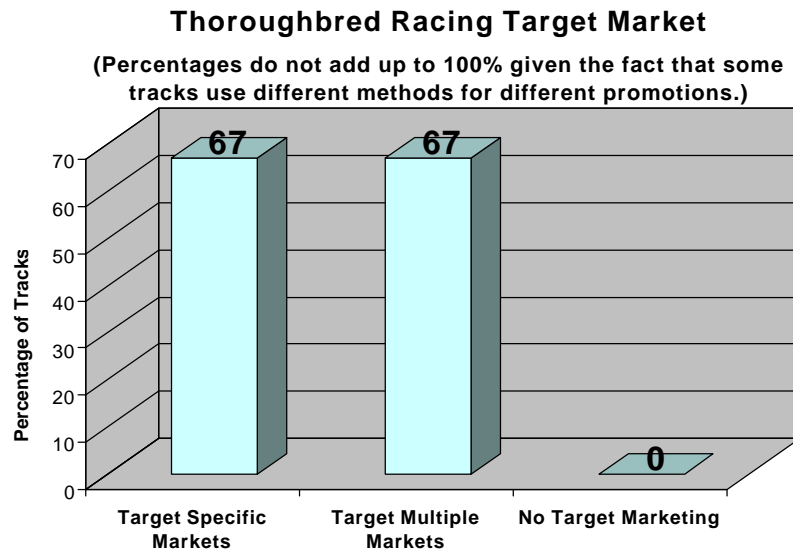


Figure 34

(The one comment in association with the answer of “no target marketing” indicated that the track was in a resort area so, in effect, everyone was the market.)

Have you identified a specific target market that directs your marketing efforts during the live meet? (Cont.)

Yes, we target a specific market segment (please describe the demographics of this target market).

Yes, we target multiple market segments throughout the season through different promotions and events.

No, our marketing is broad-based and not necessarily segmented to any specific market segment(s).

Details of the specific segments that are targeted for harness racing include:

- Males over 40 years of age
- Males 25-55 years of age, sports minded, current thoroughbred players
- Males 35-54 years of age, above average income
- Males 25-54 years of age (multiple responses)
- Males 30-65 years of age, \$60,000 family income
- Adults 25-54 years of age, skewed toward males

Details of the specific segments that are targeted for thoroughbred racing include:

- Adults, 75/25 male/female ratio, ages 35 and up
- Adults, 25-49 age group
- Adults, 50/50 male/female ratio, 25-54 age group
- Adults, skewed toward males, 18-54 age group
- Adults, 50/50 male/female ratio, ages 25-54, \$50,000, household income, people who have attended a live sports or entertainment activity in the last six months.

Do you use your web site for specific Internet marketing activities? (i.e., promotions directed solely to your Internet users) If yes, please list the activities. (All respondents answered yes to the first part of the question asking if they have a website.)

**Harness Racing
Web Site Activities**

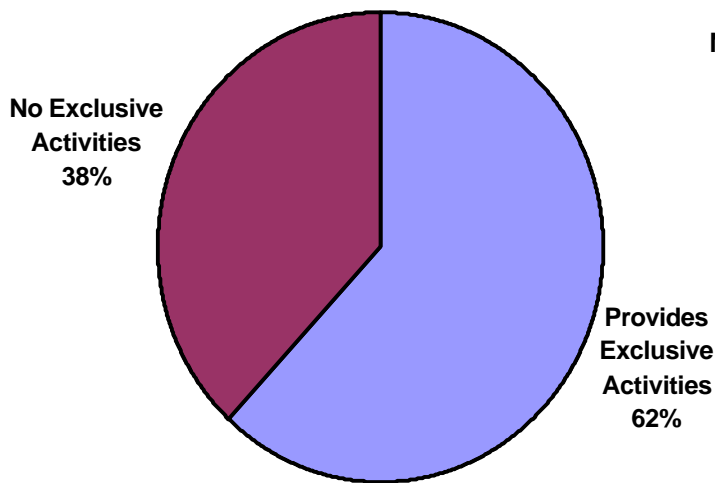


Figure 34

**Thoroughbred Racing
Web Site Activities**

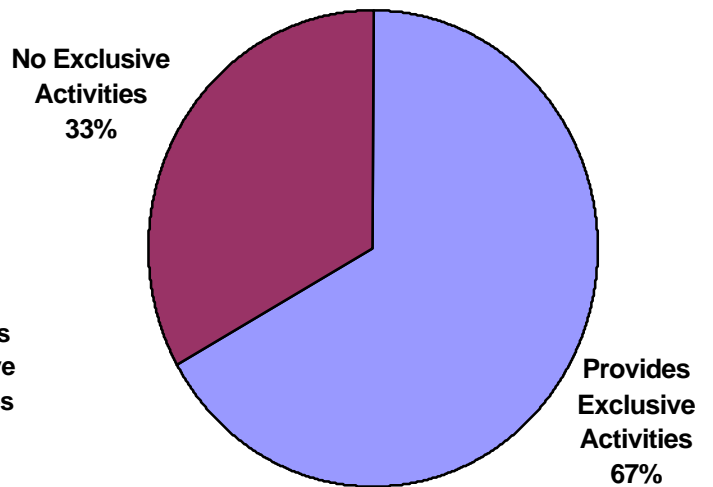


Figure 35

Activities in addition to the general information about the track or race results included:

- Questionnaires
- Incentive programs to attend the live races
- Interactive handicapping challenge
- Coupons
- Home wagering (Horseplayer Interactive)
- Chat room
- Trivia contests
- On-line Jockey Club
- Gift shop
- Press releases and stable notes
- Newsletter
- Fantasy racehorse

To what extent do you market your live and simulcast product differently (during the live meet)?

- The simulcast product is not promoted at all, patrons find it when they get to the track.
- The simulcast product is promoted occasionally; for example when a race of wide interest is available.
- The simulcast product is regularly promoted along with the live races presented at the track.
- The simulcast product is sometimes promoted to the exclusion of the live races during the live season.

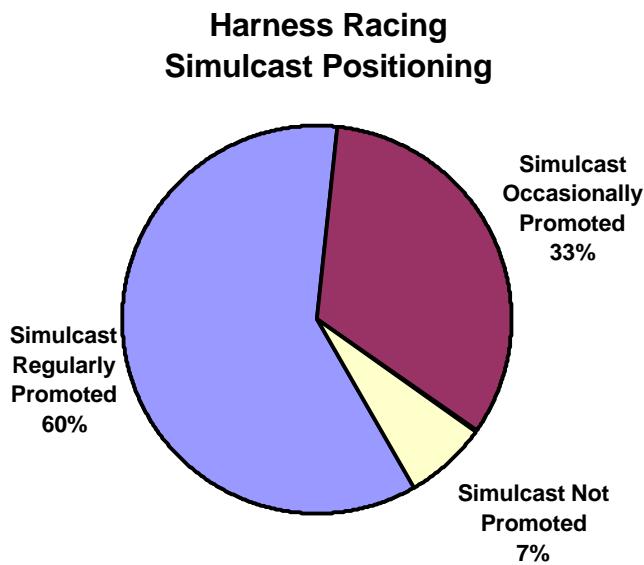


Figure 36

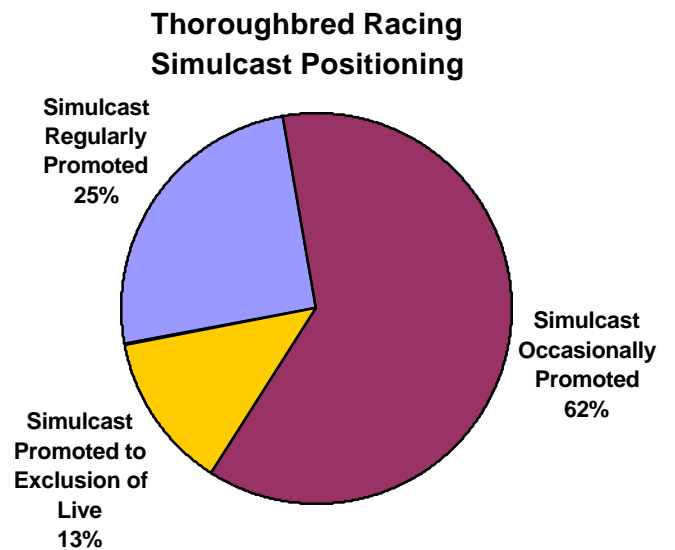


Figure 37

SECTION 3: THE “WISH LIST”

What would be at the top of the department's "wish list" (something to add to the marketing effort or increase if it is currently a part of the department) if the funding/expense was not an issue?

Tangible Items

New building
New guest center for "first timers" to the track
Expanded infield facilities
On-site kiosks
Full-service sit-down restaurant in the grandstand
Production facility to produce live racing programs to be aired on local sports channel
In-house graphic capability
Mailing equipment for all small in-house direct mailings
Advanced email system and customer e-mail list
Television production studio to do our own commercials
Laser graphic department
More internet support

Events/Activities

Major concert at track
Direct mailing to attract 100,000 with a coupon for wagering
More television advertising
Thirty minute television show
Fan education
Sophisticated player/customer tracking with more measurability and customer rewards
Fan club with membership cards and rewards
Special mailings
First class proactive internet site
Corporate video
Educational video teaching people how to bet
More effective direct mail
More valuable on-track promotions which would regularly increase attendance and drive Wagering and retail sales
Replay show on cable outlets
Radio and TV newsprint covering all our events
Vendors supplying the giveaways

Personnel

Larger staff to generate more information
Additional personnel
More staff

Budget

Larger budget to increase advertising and promotional effort at the track and OTBs
Larger budget for billboard advertising
Promotional spending to build and create additional events
Money to hit all media effectively

APPENDIX: THE SURVEY

The University of Arizona Race Track Industry Program Marketing Department Operations Survey

1. The name of your track: _____
2. How many people make up your track's Marketing Department? _____
3. Does the Marketing Department include people whose job function would be considered *public relations*?
 - a) _____ Yes.
 - b) _____ No. If no, is there a separate Public Relations Department?
 - b.1) _____ Yes. If yes, how many people make up the department? _____
 - b.2) _____ No.
4. Are finite goals or objectives established to evaluate the effectiveness of the Marketing Department? (specific targeted attendance / handle figures or increases in percentages from the previous year, etc.)
 - a) _____ Yes. If yes,
 - a.1) _____ Goals are set for the entire season.
 - a.2) _____ Goals are set specifically for each event.
 - b) _____ No. If no, is the department evaluated on a seasonal or yearly basis?
 - b.1) _____ Yes. If yes, please explain:
 - b.2) _____ No.
5. To what frequency does your track position racing as the following?
 - a) Gambling / wagering _____ Always _____ Frequently _____ Occasionally _____ Never
 - b) Entertainment – “a day out” _____ Always _____ Frequently _____ Occasionally _____ Never
 - c) Sporting event _____ Always _____ Frequently _____ Occasionally _____ Never
 - d) Family entertainment _____ Always _____ Frequently _____ Occasionally _____ Never
 - e) Other, please list:
6. Have you identified a specific target market that directs your marketing efforts during the live meet? Please mark the most appropriate statement.
 - a) _____ Yes. We target a specific market segment. If you answered yes, please describe the demographics of this target market.
 - a.1) _____
 - b) _____ Yes. We target multiple market segments throughout the season through different promotions and events.
 - c) _____ No. Our marketing is broad-based and not necessarily segmented to any specific market segment(s).

7. Does your track have an Internet site?
- a) ____ Yes. If yes, do you use the site for specific Internet marketing activities?
(i.e., promotions directed solely to your Internet users)
- a.1) ____ Yes. If yes, please list the activities:
- a.2) ____ No.
- b) ____ No.
8. Does your track utilize relationship marketing techniques as a marketing tool?
- a) ____ Yes.
- b) ____ No.
9. To what extent do you market your live and simulcast product differently (during the live meet)?
Please mark the most appropriate statement.
- a) ____ The simulcast product is not promoted at all, patrons find it when they get to the track.
- b) ____ The simulcast product is promoted occasionally; for example when a race of wide interest is available.
- c) ____ The simulcast product is regularly promoted along with the live races presented at the track.
- d) ____ The simulcast product is sometimes promoted to the exclusion of the live races during the live season.
10. How is the marketing department budget developed at your track?
- a) ____ Percentage of estimated handle.
- b) ____ Historical (last year's budget with specific increases or decreases).
- c) ____ A set budget number used from year to year.
- d) ____ Other, please explain:
11. What is your track's marketing budget for the current year/season?
- a) ____ Under \$50,000
- b) ____ 50,000 - \$100,000
- c) ____ \$100,000 - \$250,000
- d) ____ \$250,000 - \$500,000
- e) ____ \$500,000 - \$1,000,000
- f) ____ over \$1,000,000
12. Approximately what percentage of the marketing budget is allotted to the administrative expenses of the department?
(i.e., salaries, technical support, etc.)
- a) ____ Below 25%
- b) ____ 25% - 50%
- c) ____ 50% - 75%
- d) ____ over 75%

13. Approximately what percentage of the remaining budget is allotted to the following strategies to help you reach your objectives?

- a) _____ % - Advertising (print, TV, etc.)
- b) _____ % - Promotions (premiums, etc., not including the supporting advertising)
- c) _____ % - Promotions (special events/concerts, etc., not including the supporting advertising)
- d) _____ % - Direct Mail
- e) _____ % - Other, please list:
(100 %)

14. Within the advertising section of the budget, approximately what percentage is allotted to:

- a) _____ % - Print
- b) _____ % - TV
- c) _____ % - Radio
- d) _____ % - Outdoor
- e) _____ % - Other, please list:
(100 %)

15. What outside agencies do you utilize to complete the functions/tasks associated with these businesses? Please check all that apply.

- a) _____ Advertising agency
- b) _____ Media buyer
- c) _____ Production studios/personnel
- d) _____ Printer/print shop
- e) _____ Mail list, database services
- f) _____ Other, please list:

16. What would be at the top of the department's "wish list" (something to add to the marketing effort or increase if it is currently a part of the department) if the funding/expense was not an issue?