



# op/ed

by tim capps

## FINDING A WAY FORWARD FOR HORSE RACING

For regular readers of *Thoroughbred Daily News*, it has become customary to read opinion pieces written by racing industry participants of all stripes on what they see as the state of things in the sport, most of them laced with elements of frustration, fear, anger, wishing and hoping: "please, please, please: someone take charge and get us out of this mess."

Without question, people who love racing in America, whether they make a living from it or simply consider themselves to be devoted fans, are more concerned about its health, well-being and, above all, future, than at any time in the writer's increasingly lengthy memory. Much of this, of course, is rooted in the alarming declines in industry metrics--wagering handle, purses, auction prices, stud fees, etc.--which has made an already risky business seem like an economic Bermuda triangle over the past three years or so.

While a turn-around WILL come, and perhaps is already underway, it is difficult to get buy-in from shell-shocked breeders, owners, trainers, track operators and others in racing who have seen clients exit the game and customers disappear as they try to hang onto downsized businesses. It is of cold comfort to be reminded that we've been here before, most notably in the late '80s and early '90s and, eventually, recovered smartly.

It is important to note, though, that the American racing community, at least in the experience of the writer, has always had a tendency to wallow in its own uneasiness. It is impossible to remember a time when racing people were optimistic about the future, even when sales prices were soaring or wagering handle was climbing. There was always a dark cloud surrounding any silver lining, and the wolf was lurking in the shadows, threatening to devour the sport. And, truth be told, none of us are exempt from such feelings, and our own expressions thereof.

The majority of the commentary in *TDN*, and other industry publications, has focused on the lack of structure in the business, the absence of a centrality of thinking and purpose, disparate leadership, etc. Generally, the commentators propose some means of overcoming this "elephant in the room," often through some newly formed group that would bring together industry stakeholders with the purpose of working toward a consensus on the industry issues the particular commentator feels are keeping us from the next "Golden Age of Horse Racing."

The views presented are sometimes thoughtful, always well-intended.

However...Let's look at some of the key issues:

- Structure: the sport has been, historically, regulated as a gaming activity by the states in which it exists, and that is not going to change. The federal government will not interfere in the states' rights to determine their respective gambling policies, so the industry's best response is to pursue the interstate compact process, which at least establishes a framework for dealing with the regulatory morass we have, giving racing a genuine opportunity to rationalize approaches to the things that the regulators deal with, which are, and should be, the "integrity" matters (the wagering process, licensing, medication).
- Medication: this is a regulatory issue, of course, but it overhangs the sport in such a way that I do not believe anyone thinks what we are doing is logical or appropriate. Progress has been made through the Racing Medication Testing Consortium, however slowly, but there is much left to be done. Race-day medication is the tip of a much larger iceberg, and we all know it. We have gone from a point, a couple of decades ago, when medication was generally administered for medicinal purposes to a world where it is done because everyone is doing it. To convince ourselves, never mind a disinterested public, that we are serious about making things better for our horses and our reputation as a sport, we need to recall respected veterinarian Rick Arthur's comment after reading the results of the South African-based study on Salix (Lasix): "It (Lasix) is good for horses, but not for racing." Medication policies in horse racing today are not good for the sport.
- Racing days and purses: for decades, the trend was to add race days to the calendar in most jurisdictions to offset plateaus in attendance and wagering, a sort of "we'll make it up on volume" approach. The long-term result--a lot of mediocre racing and an industry wedded to a business approach that was never going to work, and hasn't. No industry stakeholder likes the thought of downsizing, but when your marketplace, both the customers you have and the ones you don't have, are telling you by their behavior that too much of anything is, well, too much, then it is time to take heed, or die. When you can't market something, you have to either make it better or stop selling it. Are purses too low? Of course. There has never been a time when they were high enough to cover the costs of acquiring and owning racehorses, and they never will be unless owners decide that they are really in the business to make a profit, and we'd better hope that doesn't happen. But, purses are not at the root of our marketing problem---no fan has ever left a race track saying, "I'm not going back until they raise those purses."

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• Big events and grand schemes: there has certainly been plenty of conversation, although most of it vague, about the Breeders' Cup and the role it does or should play in marketing racing. Make no mistake: the Breeders' Cup is a great two days of racing, anticipated widely by stakeholders and fans, but it has one huge problem as a marketing vehicle for the sport, which is its timing. Run a so-called championship event in late October or early November, when competition for media attention and dollars is intense, and you will not get on the radar screen of anyone except your devotees. Thoroughbred racing's one "branded" event is the Triple Crown, and it is so far removed from the Breeders' Cup that effective linkage is practically impossible. Horse racing's "window of opportunity" is in the springtime, perhaps extending out to Labor Day weekend, but after that it is submerged in the sea of football, baseball playoffs, the start-up of basketball, etc. The Breeders' Cup is certainly established as a signature racing event, and it strikes us that tinkering with it, other than a radical date change, is to run the risk of damaging something that isn't broken. The Triple Crown, on the other hand, CAN be damaged by inattention, and has been, in my judgment, by the inability of the three host tracks to coalesce around ideas to collaboratively build bigger race weeks around their races (other "Triples," such as a sprint series, turf series, distaff series, as examples).

At the end of the day, what horse racing needs is a few more fans, or maybe a lot more fans, and we won't find them by trying to prop up an industry structure that evolved, not because the customer said, "This is what we want," but because the stakeholders took a short-term approach that became long term.

It should be clear by now, too, that putting together yet one more group of 10 or 20 or 50 representatives of industry organizations will not really deal with the "big picture" problem of finding new customers, because those people, no matter how smart or well-intentioned, have to represent their constituent interests. There has been no dearth of such efforts over the years, and none of them have moved the needle.

All this having been said, I remain an optimist about racing's future. People are not going to stop liking horses, or enjoying seeing them run, or wanting to bet on the outcome. The "Great Recession" will end, and the racing industry will survive and recover, as it has through countless economic downturns in the past, including the Great Depression era, when racing emerged stronger than before.

It is important to remember, though, that horse racing's marketplace has always been, and remains, essentially local. Even the highly successful "niche" meets we like to talk about--Del Mar, Keeneland, Oaklawn, Saratoga--attract the bulk of their customers from within 50 or 75 miles of their facilities. What they have in common is a heritage where high purses, high-caliber horses, seasonality and scarcity (the circus only comes to town at a certain time of year) blend to produce a product that is universally regarded as exceptional, a place to see and be seen, even if you don't acknowledge the sport any other time of year.

The future, then, would seem to be in the hands of the stakeholders in the local markets where racing exists, and that points to a need, as exemplified in New Jersey, for the local tracks, horsemen and breeders to sit down and say to themselves, "How can we make our product better? How can we put on a better show?" The answer may vary from place to place, but it almost certainly won't lie in propping up the status quo.

Expanded gambling can be a meaningful part of the answer, where it is available, but not unless those new-found revenues are used to--let's say it again--improve the quality of the show.

Horse racing does not have a national brand, a national footprint, primarily because it isn't seasonal in the same sense as other sports, and is never likely to be. The decades-long expansion of race days led to some marketing suicide missions, such as running in the winter in cold-weather climates and running in the summer in hot weather locales, but that will either change because the marketplace will force it to, or because those local stakeholders decide to re-do their product to make it more appealing.

The Monmouth makeover has given the industry a lot to think about. Whether you view the 2010 Monmouth race meet as an act of necessity, desperation or the product of futuristic thinking, the most important lesson to be drawn from it is that serious, dedicated stakeholders agreed that they had a problem with their product, and devised a way to make it better.

In so doing, they have taken a page from the other 'niche' success stories in racing--high purses to attract bigger and better fields, seasonality and scarcity (three-day weeks) to build what certainly seems to be a better mouse trap.

If all politics is local, it can certainly be said that the marketing of horse racing starts with the local product, and how it can be made more appealing to a wider audience.

One can only hope that the resolve shown in New Jersey to make the local show a better one becomes a contagion that spreads to every corner of America where horse racing lives.

***Feedback on this op/ed for publication? Please email [suefinley@thoroughbredailynews.com](mailto:suefinley@thoroughbredailynews.com) with your comments.***

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