



Race Track Industry Program

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SYMPOSIUM ON RACING & GAMING**

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**Gen Y to Baby Boomers — How to “Speak” to
Racing’s Diverse Demographic Target Market**

Moderator/Speaker:

Dave Sitton, Vice President , Southern Arizona, Clear Channel

Speakers:

James Francis, Associate Athletics Director, University of Arizona

Fritz Widaman, Senior Director of Marketing, NTRA

MS. WENDY DAVIS: Just a little bit of housekeeping. I would like to thank Caliente and MIR for our refreshment break out there. Also, international Sound Corporation for their sponsorship of this panel session.

This panel, “Gen Y to Baby Boomers: How to Speak to Racing’s Diverse Audience,” should be very interesting. I think that we have a very diverse panel up here and I think that you are going to be very pleased that you came in. I know that some of the panelists up here are looking for a lot of questions from you and so I would like this to be a real participatory panel. When you do participate, I would like to remind you to go to the center aisle and use the microphone so that everyone can benefit by hearing your question. So we do want questions, but please, at whatever point is appropriate, please make sure you do go to the microphone.

Doubling up as both a presenter and the moderator for today’s panel is Dave Sitton. If any of you are local, you certainly recognize Dave, he is the voice of Arizona basketball and football on Fox and Fox Sports Net. He is also the vice president for the southwest here for Clear Channel. He is also a horse racing fan, but in addition to that, he also does a radio program geared to the Gen Y male, called Daily Male. That program is really focused in on those 20-something kind of guys, that has got to be a big job. He is a wonderful supporter of our local track, Rillito Downs. I know that he is always there if they ever need help, Dave is always there to give them direction and support. We certainly appreciate that too. So at this point I would like to turn it over to Dave, let’s see what we can find out about all these young folks. Thanks, Dave.

MR. DAVE SITTON: Thank you, Wendy. Good morning everybody. It is interesting being up here talking about Gen Y when I am a representative of Gen Old. It is going to be a wonderful morning, I'm sure.

I get a sense, I grew up in Los Angeles, and let me ask you all a question because our first speaker, I just asked her this question because I happen to believe that it is true: does everybody here have a home racetrack, kind of like your Major League Baseball franchise, it was your first track, you fell in love with it, you were somewhere probably around 18 to 21 years of age? Is that correct for everybody? Put your hands up if I'm getting close.

Beautiful.

That is the way that I look at horse racing too. You wonder why, we've had discussions about this in marketing, and I will explain my background in marketing in just a little bit. You wonder what drives you and attracts you, and it happened young. And it is, for instance, a football team or a baseball team, particularly at the professional level; college affiliations are different because ordinarily it is because you attended the institution. But a lot of this is because that is what attracted you in this Gen Y era of your life where it caught your imagination or you fell in love with a particular place or a particular brand of horse racing.

So our first presenter is out of this outstanding racetrack management program here at the University of Arizona. She is a graduating senior and her place of interest where she began falling in love with horse racing was at Philadelphia Park. Please welcome Nicole DeBasio.

MS. NICOLE DEBASIO: Hi, everyone. As he said, my name is Nikki DeBasio and I am a graduating senior here at the Race Track Industry Program. I just want to say thank you so much to the faculty and to my fellow group members in this study for giving me a chance to participate and to present this information to you.

This past semester my fellow students and I conducted an independent study to find out what Generation Y thinks about horse racing and how they look at our industry. Just so you guys all know, my group members are in the front row here and any of us will be happy to answer questions later on.

To begin, the goals of this project were to determine the views of Generation Y towards horse racing. We want to know how they see it or if they see and if they do, what they think about it. We wanted to know what they found appealing about horse racing and then we wanted to know what they found not so appealing about our industry. Finally, we wanted to know what the industry can do to get them to the horse races and once we have got them there, to keep them there.

The project was divided into two parts. We began the project with Survey Monkey, an online survey site and we distributed that survey online and tried to get just informational, statistical data on what Generation Y thinks of horse racing. Then we did a second follow-up part of the study where we did face-to-face

interviews with Generation Y; here we wanted to get more feedback, more comments that we hadn't gained from the first part of our study.

Regardless of which method that we used, the data was consistent from all of our respondents. So to start we had to find out who Generation Y is. For those of you who don't know, Generation Y is estimated to be about 70 million people worldwide right now and currently we range between the ages of 16 and 27. The things that we are really characteristically known for are that we are open-minded, very goal-oriented, confident generation and we know what it is that we want, we know what we're looking for. We value things like choice, personal expression and authenticity.

I would like to say that as Generation Y, I think that is something that needs to be kept in mind when you are marketing to us, we really do care that you are saying what you mean, it's true.

So for part one of our study we developed a survey using Survey Monkey. Survey Monkey is an online survey site and it is where you can create, develop and distribute a survey. We distributed the survey via email and then we used MySpace and Facebook, which many of you probably heard a little bit about yesterday in the blog session, those are two online popular social networking sites. We posted the survey link on there to allow those in Generation Y to take the survey.

Our first question dealt with wanting to know how familiar Generation Y is with horse racing, and what we found as you can see is that in general Generation Y doesn't know much about horse racing. They consider themselves to be unfamiliar.

Next we wanted to know what Generation Y is interested in. What we found was that overwhelmingly Generation Y is big on sports, that's where people are looking, that's what they're interested in, that's what they follow. What we found through our comments is that if you market with sports, in conjunction with sports or you use the sports celebrities that are in horse racing, that do participate, people felt that that would be a good way to get them in, to get them interested, because you are marketing to the sport sector and you are bringing them in saying, Hey, look, these people like horse racing, they think it's cool, they are buying into it. So that is where we found that the most interest was.

Next we wanted to see what Generation Y views horse racing as. As many of you know, we argue amongst ourselves about how we see horse racing, is it gambling? Is it entertainment? Is it seen as a sport? Generation Y generally sees it as both gambling and entertainment. Comments indicated that people go to the racetrack to have a good time, they want to go, they want to have some drinks, they want to gamble a little bit on the horses and they want to hang out with their friends. It is a very social aspect; Del Mar is a really good example of this. People are going to the racetrack to have a good time.

Since Generation Y obviously does like to gamble, how often do they gamble? Well, not too many people in Generation Y admitted to gambling regularly, but over 50 percent do gamble. We would like you to remember that almost half of this group isn't actually legally allowed to gamble yet, so we really expect this number would increase as people get older and they are actually legally allowed to gamble.

As for what type of gambling Generation Y enjoys, horse racing was the overwhelming majority, but we wanted to point out that we think by this point in our survey we ended up with a skew due to people realizing that it was a horse racing survey, that's where our focus was. So because of that we decided to break this question down further and we did an analysis within the question and we went and we found out for the people who selected horse racing, what else did they choose that they like to gamble on? I know that there have been other studies conducted in other generations with other demographics that there is a distinct type of horseplayer, people that like poker, in particular, like horse racing. Well, in this case, Generation Y didn't really have a particular thing that they prefer to gamble on; they chose equally, poker, card games, sports and slots. So Generation Y just wants to gamble, they don't really care what they're doing it on.

For the male survey responses we found that in general most everything was about the same, they had the same interest, the same familiarity and they viewed horse racing about the same. What we want to bring to your attention is that females, not surprisingly, were more interested in the horses, the males came for the betting. The females had more concerns about animal issues than the males did. In addition, the key barriers to bringing people to the racetrack were cited as location, lack of knowledge and cost.

So the Survey Monkey conclusions that we found were that your biggest barrier to bringing Generation Y to the racetrack is the fact that they don't know anything about it. It isn't just that they are uncomfortable with the gambling itself or not knowing about horse racing, they don't even know that it exists, it's not even on the Generation Y radar screen. They would like to see some issues such as safety and welfare addressed, they do have problems with that. And the cost and lack of public transportation are two areas that I think that marketing people can really address and get a hold of.

Moving on to part two of the survey, each of our group members conducted 10 surveys on or around the University of Arizona campus. We got about 52 survey responses. We did have a slight skew towards the females, more than half of our group was made up of males and I can say for a fact that some of them got dates out of this particular part. We did have a variety of locations throughout the United States and we did get one international respondent from China. We found the same information with the familiarity in these respondents as we had before in the Survey Monkey. In fact, these respondents were even more unfamiliar with horse racing. Only 15 percent stated that they had any familiarity with horse racing and none of them selected that they were very familiar. So at least on the University of Arizona campus people don't really know too much about it.

Again, we conducted face-to-face interviews because the group wanted a chance to talk to people. We really wanted to get their comments and find out what was bringing them in and keeping them away. So we asked the question, what attracts you to horse racing? We found that betting and the horses were the most prevalent but we would like you to notice that special events and food and beverages followed quickly behind, and those are areas that marketing people can really use. People are coming to the track for like Del Mar concerts, that's a huge thing that brings people to the track on Friday nights, they get a great turnout. And your food and beverages, like I said earlier, Generation Y really likes to drink, we're a young crowd, we really want to go out and have a good time, so your 50-cent beers and things like that, that really gets us in there.

As for what keeps people from attending horse racing, again, your lack of knowledge, not being on the radar screen. Generation Y just doesn't see us, they might see you once, twice a year during the Triple Crown time on TV and other than that, they don't hear about you, they don't care about you, they are not really listening. So we need to get out there, we need to get into their minds.

Now, this PowerPoint survey was only intended to cover the highlights of our presentation. We have a full report that you can actually come and view tomorrow. This will be Thursday morning, the Race Track Industry student report will be in the foyer, right outside these doors actually. From 9:15 to 11 a.m. So if any of you are interested in seeing the full report, the full results, we have all of the comments that we collected from the people that we interviewed. All of the respondents gave some really great ideas on what we can do to bring people in.

We hope that we see you there and thank you again.

(Applause)

MR. SITTON: Thank you, Nikki.

We didn't have a Survey Monkey, I want to meet the Survey Monkey before too long. It's interesting to hear that — I will get into the comments later — but I think that I remember my generation, which is a little bit far away ago, we liked gambling, we liked alcohol, we liked finding ways to date girls; I'm not sure we're much different.

Our next panelist comes from my neck of the woods because we fell in love with racing at the same place, I think. He grew up in Arcadia, California, I was in the San Fernando Valley, but on the 26th day of December, like clockwork, it was the opening day of the Great Race Place called Santa Anita. So we have that in common. He also spent some time learning the industry at Hollywood Park. He attended the University of Arizona and this fabulous Race Track Industry Program. Please welcome the marketing director of the National Thoroughbred Racing Association, Fritz Widaman.

(Applause)

MR. FRITZ WIDAMAN: Thanks, Dave. It is an honor and a privilege to be here. I'm a fill-in for Alex Waldrop and Keith Chamblin, they are at another conference down in Argentina. They came to me and said, we need you to bring the industry up to date on what we're doing with our Web 2.0 programs and stuff along the lines of this Gen Y and Baby Boomers. I just thought that I would point out that it was 18 years ago when I left the University of Arizona, so for you students out in the crowd, just be patient, it took me 18 years to get back up here.

I want to thank Doug, Wendy, Steve — I haven't seen Dr. Schurg and Betty but I want to thank everybody here and of course the students that put this thing on, they do a great job and it's always fun to be here.

Okay, I have 24 slides here that kind of bring you up to date on what we are doing at the NTRA. As the first bullet point indicates, research indicates that the big issues of the early 2000s are really the same as the '80s and '90s, the difference is now that we have different technology, as Dave has alluded to.

The competition for the entertainment dollar or the discretionary dollar really hasn't changed but we've got to figure out a way to communicate with these folks. This is a definition that I asked our group that we deal with — for those of you that don't know, we have hired SocialSphere, they are a group out of Boston and they are the ones that are really leading this charge for us. John Della Volpe is the founder of SocialSphere, I encourage you all to go visit his Web site. John has been with the NTRA for a long time, I think eight or nine years. He did a lot of our research and he came to us and said that research is changing too much that we need to really get into this Web 2.0 and really take a look at it and really engage our fans. So with Alex's blessing we told John to put something together for us and we basically started the Web 2.0 program for all of our member tracks and for the NTRA this year. As we know, it is a great way to get your message out.

I just want to take you back on a timeline on how it really came to us. Alex, John and Keith had a breakfast meeting in Saratoga in August, 2007. I think that the concerns were that we weren't really engaging the fans, fans are getting restless. So we did a quick little survey on our NTRA.com site, just a quick one, asked some questions of the players, and they were a little upset with a lot things that were going on when you talk about the trainers and some trainers, talking about how they are being treated at the tracks and so forth. So we decided that we would have a member workshop at the Eclipse Awards in January of 2008. We got the tracks there, I think that we had like 12 tracks that came to this meeting and we just told them that we really want you to take a serious look at this.

The NTRA has made the biggest investment with John Della Volpe's group. With us making that investment we gave the tracks an opportunity to jump into this Web 2.0 program at a real big discount. Alex kicked off an article which some of you have probably read. Our friends at Horseplayer Magazine kicked it off for us, it was called, "A New Way Forward." We reprinted it in the Daily Racing Form as well. And then in April 2008, we went online with Alex's blog. It was something that — I

have some notes from Alex to pass along to you — it was scary. Once you decide as CEO that you are going to put your blog up there, they are going to attack you, they are going to hit you back but you have to make sure you respond. It is not one of those things where we can say, Hey, Alex, put up a note and we won't respond, we won't touch it. That has not been the case, we have actually responded to almost every single blog that has come through, e-mails and so forth. Alex said that he has had over 4,000 e-mails that he has been in touch with the fans on. But he will also tell you that it has been extremely painful at times with some of the things that they put at us.

So the objective that we got from SocialSphere was, number one, to create new channels to communicate directly with our fans. We wanted to partner with the fans and develop meaningful programs and we also wanted to empower the fans to help execute our plan, peer to peer, start at the bottom rather than the top, get these fans engaged and have a good time.

It actually went very well, we even engaged a group that — we did a Google group which I will get into in a little bit, we had them put up a marketing plan together for us when we went to Las Vegas for our marketing summit.

Matter of fact, is Patrick in the crowd here? I know he is here, but Patrick was one of the fans that came out of all of our research and Patrick actually headed up the group.

Three things that we need to do here: we had to embrace a new culture, we had to communicate and we had to execute. The culture, fan communication and involvement, is the centerpiece of every NTRA program. That is what has really changed for us. Whenever we think of anything that we're going to do at the NTRA, we're always going to make that decision but also pull the fan element into it and make sure that we're doing the right thing for the fan. I pulled a couple quotes from Alex's piece that he put out in March that ran in Horseplayer and DRF. I won't read it to you, but it just talks about how we are going to engage the fans. It was basically a long letter that he sent, and I just pulled out three or four of the main sentences just to give you an idea that we can no longer ignore the fans. And then finally he said that in the coming months you can expect the NTRA speaking up on a number of key issues. And the last line I think is really important, "to our horseplayers, we at the NTRA give our word that you will be an important part of the process. We've always appreciated your business and we will do a better job of appreciating your ideas." So March 7th we sent that out and then April 2008 we brought the blog onboard.

Cultural shift at the NTRA, I already touched on it. Marketing, legislative advocacy, NTRA Advantage and the integrity and safety alliance, all four of those will have fan involvement in some way.

Job number one with every NTRA program, here it is right here, how can we engage and involve the fan in the development and implementation of our goals

and initiatives? So we had to get out in front of them with this and then communicate and then we had to execute.

One of the first things that we pulled together through our blog, we formed the Horseplayer's Coalition. We've got an outstanding legislative team led by Peggy Hendershot, and we needed to hear from the players and we formed a little committee with them and they now have a voice with Peggy up on Capitol Hill. One of the first things that they wanted to talk about was the federal withholding tax. A lot of the players feel that those laws are extremely antiquated and not fair, and we would like to get some of those things taken care of. So the Horseplayer's Coalition was formed.

Everybody who signed up for the NHC tour this year also became a member of the Horseplayer's Coalition. We have, I think, 1,100 or 1,200 members of that coalition. Peggy is doing a great job with it and hopefully we will get some good news for the players in the next year or so.

Marketing. I mentioned the NHC tour. I mentioned the marketing online task force that we put together with the Goggle group, I mentioned it earlier. What we did on that was we took our top bloggers that actually blogged Alex's blog, the ones that actually responded to Alex, we sent an invite to the top 30 of them. We got 12 people that responded, we had them form a group and we told them that if we could give them the keys to the house, if you could make a master plan, a marketing plan, what are we missing? We went ahead and had them do this; it was quite interesting. When you set up the Google group you can watch them go. Thousands of e-mails were going back and forth. Patrick took the lead on this, was kind of the moderator of the group. We had some other key bloggers, if you follow the Thoroughbred Bloggers Alliance, they all got together and they actually came out to Las Vegas and did a 48-page report on what they think we need to be doing as marketers in the sport. With that being said, I want everyone to know that I put the marketing report back up on NTRA.com. So for those of you that haven't seen it and want to get a hold of it, it is on the homepage, I had them put it up this morning, it's on the bottom right-hand side and you'll see the Marketing Online Task Force. It's a good read, I encourage you to read it.

NTRA Advantage. Same thing, not only engaging out membership but engaging fans and letting them know that they can take advantage of our fine programs. Also, the key message that I like to get out there is let's support sponsors that support racing. These are our partners right now, it could expand a little bit more but there are some great offers for the fans so we are constantly sending messages out to them as well.

Metrics, how do we measure this? Greater level of engagement on the NTRA site and industry sites. We're not the only ones doing this, Blood-Horse, Thoroughbred Times, Daily Racing Form, a lot of people are doing great stuff that is out there. We are defining it by our unique visitors, time spent on our Web site, we're looking to expand our active database. We're sitting at about 125,000, we

would like to get it over 200,000, we've even talked about getting it to 500,000, but it is going to take some time.

And then we've done some presence in the social media side. We've thrown stuff into MySpace, Facebook, Twitter, we're all over the place and we're constantly having our Web division throw these things up and keep people up to date on what's going on.

The bottom one is probably the most important for you racetrack operators who want to drive on track attendance and want to create new wagering accounts.

Early results. One of the programs that we put together out of some of our research here is we actually put an ambassador program together with Dr. Troy Racki, he was also on the marketing panel. He is from Los Angeles, actually lives in Loma Linda. He has such a passion for this sport that — it's basically a morning workouts program, but it is really in-depth — that he has put together. We did a test pilot, we went to Del Mar; Del Mar was great, Chris Barr, Craig Dado and Josh, they said, Let's bring it on, let's do it.

What Troy Racki did was he signed up like 15 to 20 people every Thursday, drove two to two and a half hours from Loma Linda and basically started in the morning as early as you could. Got them to the barn, had a 45-minute interview with the trainer, they met the vet, they met the blacksmith, I mean, it was just a real in-depth, behind the scenes, in the stalls, touching the horses, whatever they needed to do. And when they got done with that he took them back to the frontside later that morning, taught them how to handicap, taught them about racing, and then that afternoon they were admitted free to the races, lunch, everything taken care of by Del Mar, and of course he took them down to the winner's circle and got a photo.

Troy presented this stuff in Vegas to some of our marketing folks and this was one of the first things that has really taken off. The bookings for this were really incredible. He sold out in record time every time he put them up there. He actually booked these through social networking sites. We did ask several newspaper writers in the area, we asked if they could cover some stories on it and promote it, got a little bit, the San Diego Union didn't cover it but the Poway News, the Poway Tribune and stuff like that covered it. But once he got the social networking sites up and sent messages out and so forth, he had an unbelievable booking and further, about 95 to 100 percent said that they were coming back and that they were bringing friends. They had no idea how in-depth racing is on the backstretch and on the frontside.

Once again, I am talking about the Marketing Online Task Force. I told you that those 48 pages are already on NTRA.com. When we created that online community, the Google group, over 1,000 messages between them in five weeks. So that is what they did, they collaborated with messages back and forth the whole time. It was great, it is very cost effective, it hardly costs you anything. John Della Volpe oversaw it with Patrick and they did a very good job.

The CEO blog with Alex, 801 comments on the blog in 48 hours after Eight Belles. We knew it was coming but the thing that was good for us on the NTRA side was that we had already embraced this with Alex being out there out in the forefront before the Kentucky Derby. His blog went live in April so I think that really helped us out. The blog, the comments were tough, they were brutal, but we answered them all, he answered them all. If he didn't have an answer he sent it to the department that could get him the answer and we moved forward, and naturally that is one of the reasons that you are hearing the stuff that the NTRA is coming out with on the Integrity and Safety Alliance.

I asked Alex the other day, I said, I'm going down to Tucson to speak and what positives can you tell me out of all this?

He said, You know, it's been great.

He has mentioned the word brutal, but he said that it has been great and it's been a lot of fun getting into the dialogue with these fans. He met our entire panel that went to Vegas, had dinner with them. They thought that he was a rock star, they thought that it was great. He has really opened himself up, but the key thing here is, as I've told you, if you are going to go this route, you've got to respond to everything, you've got to answer and you've got to do your blogs timely. You can't just do a blog and then stop for a month and then put up another blog. I think he puts one up every 10 days to two weeks is about what we have up there. Also, he wanted me to encourage you guys, you can go back through his blogs, they are all archived on NTRA.com. So if you want to see some of these comments, they are all there, they are all dated and you can read his blog that he put up and then you can read the comments from people and how they responded.

Marketing research. Decisions are now made with the input and the consultation with the customer and the fans, that's basically what it has done for us. We can do the research right in all these groups and all these Google Groups, whatever we send out our messages in throughout the Web 2.0 process.

What's next? Are you ready? Web 3.0 is right around the corner. You have to keep up with all this technology and it's mindboggling how it just keeps going and going and going.

In closing, I just want to say this one thing here, the NTRA is and the industry needs to both speak to its target demo and most fundamentally listen to its target fans. That is the essence of Web 2.0 that this industry needs to undertake. We know after doing our research and moving us to Web 2.0, the fans need to be embraced, and they have told us this is the best way that you can do it.

I'll be up here for some questions. Once again, if you need anything that I mentioned earlier, most of it is on NTRA.com. The last slide here, if you want to send me an e-mail you are more than welcome to send it to me. And then John Della Volpe, he is also the director of polling at Harvard. John is at SocialSphere

and I highly recommend that if you are going to go this route or want some consultation, John is outstanding. I know a lot of you in this room know John very well.

Thank you.

(Applause)

MR. SITTON: Thank you, Fritz. Our next speaker comes to us from the University of Arizona. He too grew up just a job wedge from Santa Anita, that's in La Canada, California. He played football at the University of Arizona. What I find most irritating about him is he is the associate athletic director in charge of ticket marketing. Right now the University of Arizona students section, called the Zona Zoo, is fully engaged, filled up, 10,000 kids showing up, win or lose; he knows something about this. But again, what is irritating, he is 10 years into his career, he still looks like he is in Gen Y. Please welcome James Francis.

(Applause)

MR. JAMES FRANCIS: That's very kind of you. Thank you.

Welcome, everyone, to Tucson. I hope our brutal 48-degree winter mornings aren't killing you guys.

Obviously, you are experts in the field of racing and I am not from the field of racing so I am trying to give you some basics that are relevant to what you are doing. In doing so I am going to focus on the Zona Zoo, as Dave mentioned, which is our branded student section for the University of Arizona. I am going to try to avoid getting into specific promotional ideas but more an overall approach and some basic fundamental principles that have served us well and I think are principles that you are probably are using, but I want to share how those have been successful for us.

One thing with the Zona Zoo that has been interesting is in our findings, the more things change, the more things stay the same. It's an old cliché but so true, and the key difference has been the changes in technology and really how you communicate, you all know that.

But the four things that I want to focus on, and I apologize, I don't have a presentation to put up on the board today, but creating a culture, engaging, which both Fritz and Nikki spoke to, providing resources as well as communication. Those are the four things that I want to focus on.

Starting off, we are very fortunate, obviously, having a student group on campus we have a built-in affinity that provides us some advantages that you might not have. I want to recognize that you have some hurdles and obstacles that we don't have. So again, take what I have to say for what it's worth in terms of our circumstances.

Creating a culture has been probably the most important thing in changing the success for the Zona Zoo. We are in our fifth football season and just to maybe take a step back, the way the Zona Zoo was created was obviously there was an explosion of student branded sections across the country five or six years ago. Kind of at the forefront of that was the University of Illinois, they had the Orange Crush in basketball. If you ever watch those games, kind of in their corner and then sweeping behind the bench a little bit, they just had this huge student section all in their orange t-shirts that were just making noise and very visible. All of the sudden, Stanford and Duke and all across the country schools were doing this. But student organizations and student leadership were recognizing it and wanting the same. So we worked with our ASUA president at the time, and this goes to our engagement to say, Okay, let's come up with something, let's work with you, because we want you to not only be involved, this has to come from the students to be successful.

So our goal was to create a culture, in other words, how do we change the idea that when students come in as freshman this is the thing to do, you have to be a part of Zona Zoo and you have to be there? What we found is, freshman year, students would come in, sure, they knew there was football, we are a Pac 10 institution, University of Arizona, we're fortunate, people know there is football, and our basketball program had been very successful for years. So of course they wanted to go, but it wasn't this thing to do and that's what we wanted to change. We found that maybe after your freshman or sophomore year, students would go do other things, maybe go watch the game at the bar.

I don't know, Fritz, what it was like when you were there, but getting them into the stadium was what we wanted to do. We found that over the last five years we've gone from Zona Zoo membership, about 6,500 in year one to over 12,000 the last two years, we were at 11,700 in our third year. So we have been successful. We know that when kids come in, they are looking, how do I become a part of Zona Zoo? Student orientation, we have a presence. More importantly, our senior leadership from the student standpoint is out encouraging freshmen to be involved with Zona Zoo and be a part of it and that has been the absolute key to the success.

Resources for us, what we've tried to do is say that we're going to allow the Zona Zoo to pretty much do what they want to do to make this successful and we provide them resources not only in terms of guidance but also, more importantly, in terms of finances. We actually return a percentage of every Zona Zoo pass that is sold back to the Zona Zoo leadership, and this has enabled them in the last two years to grow from a group that has just kind of tried to put together a road trip to USC for football to a group now that is managing a budget in the neighborhood of \$60,000. Where we find tremendous success, though, and where we have always positioned ourselves, and by ourselves I mean, I see administration as, we want to enable you, we want to provide you resources and guidance kind of behind the scenes. We're going to administer tickets and we're going to administer how this program runs in terms of getting into games and getting out tickets, but all of the social aspects, all of the events, things that Nikki pointed out in her presentation

that were important to the students and this generation, are going to come from the students. That has been another tremendous success because students don't want to hear someone like me or administration tell them, here's what you should do, we want to put together an event. They want to have input back and discussion amongst the students and come up with those events on their own. Again, that has proven to be very successful for us.

Communication, awareness, as Nikki mentioned, is very important, and this kind of goes back to what I mentioned earlier. We're fortunate, we're on campus and students know who we are and what's going on but it doesn't matter because there are so many details of the program we still have to communicate to them. We rely, believe it or not, still quite a bit on print. Our students read the Arizona Daily Wildcat, which is the daily newspaper. It is pretty frequently read and there's some interesting sections that attract them to read it. But nonetheless, it means that there are eyeballs on that paper. So we do rely on that, still, not heavily, but we do.

Text messaging, one of the new technologies, obviously, that people are looking into with Gen Y, is not something that we have gotten into heavily primarily because e-mail is so successful and so readily accessible on a college campus. Every student has to have an e-mail address so we use that more than text messaging for our students. Probably more importantly than us collecting e-mail addresses, which we do every time a student buys a pass, we do everything online so that we can track that information, form databases and have that easy communication, things that I'm sure you're also doing. But more importantly, our ASUA Zona Zoo leadership has created a Zona Zoo listserv. They also maintain a Web site which we encourage all of our students to go to, and the athletics department facilitates the creation of that and we also turn all of our students towards that Zona Zoo site because we want our students to go there and know that this is a student-run program. But the listserv, all the communication, or I would say 99 percent of the communications that go out to the Zona Zoo listserv, come from our ASUA president and or our vice president for the Zona Zoo, they have a leadership council now. There must be at least 10 to 15 members that do everything from putting on tailgates to road trips, to budget, to t-shirt design, you name it. This goes back to what I mentioned before in terms of engagement.

Blogs, for us it just isn't relevant, but the social networking sites are. But again, the department, our administration, we don't seek to try and go in and manage and set up and try to communicate to our students through a social networking site. Instead we work with them to provide them with whatever resources they need to build the site on their own. We have been more successful because it comes from the students and they are communicating to each other.

It's been interesting because some of the results from the creation of the culture is that we not only have more students that are involved in the program, an excess of 12,000, as I mentioned before, but we have greater numbers that come to the games. Our student sections — many of you obviously aren't from here, but we have about 10,000 seats from end zone to end zone right down on the field

level. In terms of football, we probably have the best student section, I would put it up against anyone's in the country. Basketball is a little different because of circumstances related to the creation of that section and the timing didn't allow us to have a section like Duke or Stanford right on the court. Nonetheless it is a 2,300 strong student section which makes its presence well known.

We've also had more students that stay, come to games in their junior and senior year, which was a goal of ours to start and also when they come back. So when they graduate, how do I get back in the student section? What do I do, because I want to be there, that was the fun place to sit, I want to sit with my old friends? We've tried to work in programs like the creation of a young-alumni ticket program. And also we've had Zona Zoo apparel created which is another program that we guide but is administered through our Zona Zoo council. They create designs and sell apparel in cooperation with our bookstore. So there is a retail component to this now and we see success and continued success and interest after students graduate in the retail arena.

I think another important thing, and we kind of discussed this earlier, both Fritz and Nikki, and I mentioned it in my discussion on communication, but listening to the students. That is a fundamental part of our set-up and it is that the students run this. So when they come in and have an idea, of course they come to us and share that with us so that we can make sure from a logistical issue or whatever it might be, just to clear that. But then we try to give them as much freedom to run with those things and be creative, and that has proven to be very successful.

So obviously the key challenge for you is how do you do this with the challenges based on your specific needs and your specific circumstances, and that is a question that I can't answer today, but again, just to provide you with some basic fundamentals that I'm sure you're all well aware of and probably are utilizing, but how those have been successful for us.

So with that I will close and we'll move on to the discussion at this point. Thanks for your time.

(Applause)

MR. SITTON: Thank you, James. I'm going to very quickly, exceedingly quickly, just go over a couple fundamentals, because that is what I believe in.

One of the things that Wendy did not have a chance to mention, and I am very proud of this, for the last 36 years I've served as a volunteer head coach of the University of Arizona rugby program. I've coached a little over 1,200 males, 18 to 24 years of age, including at the national team level. The reason why I bring that to your attention is because one of the enduring lessons that I have learned about young people, I have coached the same people every year with different last names. Think about that. They are the same people with different last names. What was that number of Gen Ys coming up in the group? Did you say 70 million? Let's say that 20 percent of those are brand new every year, that's a continuum. If

we just hold for a minute, we call young people Gen Ys for the next 30 years, 20 percent of them are brand new every year. James mentioned the freshman class, we don't have a freshman class across the world because of the differences in education programs. Even in the United States we have a percentage of young people that go to college and a percentage that does not. It is the same concept, they are brand new, they turn 18, 19, they get new freedoms all at the same time, worldwide. It is the same people with different last names.

I apologize, I noticed a big display from the Australians out there. We have any Aussies out there today? How about Kiwis? Any New Zealanders? Wow. Anybody from a different planet? I'm going to use a metaphor today of American football and that is this, you have all heard recently of the pro set offense, of the veer offense, the West Coast offense, the spread option and the spread. They are all terms of art used in the National Football League, they have different sets in the college game. Most of you are familiar with those terms if you have ever turned on a football game, you'll hear those. But at the end of the day, every single one of the coaches who employ one of those different types of offenses or the zillions of different defenses now will tell you, football comes back to blocking and tackling without fail. Every single gridiron coach will tell you it comes back to blocking and tackling, and that is why our three previous speakers mention that, fundamentals.

In marketing we know of course, product. What is our product? We've got horses running around the track or running straight down the track in the quarter horse genre. So we have that part of our product, but also the experience. James, I think, touched on that as well as how they sell an experience at a football game. Yeah, we've got the football players here but what do we do with people when they are in the stands and we get them to come. So a thorough understanding of our product, even to the point that if you take a look at what's important to people today that your restrooms are clean at your racetrack. That is part of your product, part of your presentation. Your food services is very important, everything, every aspect about your track, about your facility is an important part of the marketing mix.

The next thing we didn't discuss today but it is obvious, it is something important, is pricing; price points make or break products. When you consider what it costs to get into a movie today, which I'm sure you've had this discussion amongst yourselves, \$10 to \$12 to get into a movie, how do you price the Sport of Kings against the movies? How many times do you expect someone to go to the movies? How many times do you expect them to come to the track? One of the interesting things about this young generation that has been described so far if you want to talk about college-educated people is, are you a summertime track operation or a wintertime track operation? If you are in Los Angeles and you are at Santa Anita, you know that you've got 11 major universities within driving distances right there. Cults of children at UCLA, USC, Cal State Fullerton, Long Beach State, Occidental College right there, Loyola Marymount, go on and on, who are clustered together and have that opportunity for you if you happen to be a racetrack in a collegiate area. Like James said, they've got 10,000 to 12,000 kids

sitting right there. The University of Arizona has 36,000 undergraduates and you have a way to appeal to them.

Promotion, and I think that you've heard about that. One thing that I've learned about promotion over the years is that things that are given away have no value because you have picked up over and over again things that you gave away at the racetrack that day and how many of them are left behind? How many of you have experienced that phenomenon? You give something away and at the end of the day they are on the ground, you pick them up.

Last but not least of course is distribution, which I think is the major difference in all three of our speakers and in particular, Nikki explained that. While we were the same people, we didn't have the Internet, we didn't have Facebook. We didn't have these opportunities. If anything, product segmentation that was developed in the 1970s, ironically by the beer people — one of my backgrounds that I worked for the Anheuser Busch family for a long time during the great days of beer wars, when in a course of a decade, beer consumption in this country from 1965 through 1980 increased at a clip of 11 percent per annum for 15 straight years. There was a lot learned during those years and a lot of it came down to product segmentation. One of the other things that we learned was the 80-20 rule. Eighty percent of the beer consumed in this country to this day is consumed by 20 percent of beer drinkers, that hasn't changed. If you can understand that against who is likely to go out and purchase a ticket to a sporting event and or entertainment event that is very helpful as well.

One last thing that I will leave you about the beer industry, because I am grateful for much of my marketing background and I did serve two years in the University of Arizona Athletic department's marketing department as well, prior to James obviously, by about seven million years. I want to tell you a little anecdote, there was a store called a Food Giant down here when I was doing market research in my early days with Anheuser Busch and Golden Eagle Distributors here in this market. There was a Food Giant store that sold like clockwork, and as James mentioned the weather here, we don't have, we have a pretty warm, good beer-drinking climate. January through December, mean temperatures of 65 degrees through mean temperatures of 89 degrees, this Food Giant sold exactly 21 cases of Budweiser every weekend, like clockwork, 21 cases on Friday, and that is what they sold. So one time we procured a life-size Clydesdale, plastic Clydesdale. We took that Clydesdale and put it in that Food Giant and built a 250-case display of Budweiser beer around the Clydesdale. There was no change in price, there was no change in label, there was no change in the product itself. Everything was identical except we put it on an end cap with 250 cases. This store had sold 21 cases of Budweiser since they unloaded Noah's Ark, nothing has ever changed. That weekend every single case was sold. It goes back to what Nikki said, are we aware? Do we have the kids aware?

The last thing that I would suggest to you with the kids is because we get jaded, we think our ideas are old fashioned — I want to introduce something to you because you may or may not have discussed it for a long time. I think that a lot of

the young people in Gen Y would like to get part of something that could become a tradition for them. We have made the assumption that they like to throw away everything but I don't think so. Their human behavior is like everybody else's human behavior. I have not heard the "Sport of Kings," for a very longtime. That is such a wonderful mantra, that is such a wonderful traditional piece of this marketing. It's really the story of horse racing, the Sport of Kings, I would bring it back.

With that pontification, let's open it up to questions. Does anybody have any questions for any of our panelist's right now?

A VOICE: At the time that the Breeders' Cup was in New Jersey last year there was an editorial in the Princeton campus paper, the sports editor was a racing fan and was expressing that he was baffled why so few of his colleagues liked racing. He said that it offered a lot of things that they liked, the math, the technology and legal gambling. Could you discuss the relationship of college administration's attitudes about gambling and the possibility of promoting racing to college students?

MR. FRANCIS: Sure. It's a tricky subject on the college level. The key component is that we are not going to promote gambling, specifically — and there is a fine line to be drawn between gambling for sports that are sponsored by the NCAA and race horses are not. So you start with, is it a sport that is legal but is not a NCAA sport, horse racing, okay. So that is something that wouldn't be a taboo subject but it is really going to depend on the individual campus and particularly the president and the AD. The AD might want to work with an organization, a racetrack perhaps, locally to encourage people to go out, not encourage them to go out and do legal gambling but to go out and enjoy the fun and all the other things that you can sell as part of your event. But it really does come down to the president's decision and the AD to say, We just don't want to do that, we're not comfortable crossing that line, whether it is legal in terms of the NCAA or not.

I know for us, it hasn't been racing, but it has been sports books and Indian gaming. When the casinos locally first opened up we didn't touch that. Over the years that has kind of changed and we not have signage in our football stadium that says, Casino Del Sol. So we've become comfortable with using the word "casino." The reason is those sports books, you can't wager on NCAA sponsored sports or there is not sports book really. That's why we have a comfort level with it.

Other than that I can't really speak to any other campus; it's an individual decision. Going back to what I first said, it is a general rule that there are certain sports that no one is going to get near, football, if it has anything to do with, obviously your industry doesn't, don't even think about it. If it's legal in terms of the NCAA eyes, then you just need to reach out and see what their comfort level is.

MR. SITTON: The only other thing that I would add is that I don't recall in the many promotions that I've studied by racetracks, I don't recall ever mentioned

gambling. I think that it is implicit. So I think as time goes on and you introduce people to the pageantry and the spectacular nature of a horse race, I don't think that is a problem.

The other thing that I think we undervalue as athletes go, a 100-pound mass of muscle, able to control a racehorse on a curve. As you all know, I'm speaking to the choir right now, but I don't think that we sell those athletes, those jockeys, as well as we could. When I was young growing up in Los Angeles, we had Laffit Pincay Jr., and Willie Shoemaker, was right up there with Sandy Koufax and Don Drysdale at the time. And so that is another area of the product, I think, to overcome what you're saying. We've got some outstanding athletes out there.

MR. FRANCIS: I'm just going though, you should look to tap into the student organizations for whatever university is near you. Try to find their student leadership, try to find through the athletic department, who is the head of their Zona Zoo, because whether it is through the university or not, you have a built-in group. For us we have the Zona Zoo, they are already established, they communicate to themselves. If you could tap into them and invite them as a group to say, have a Zona Zoo night at your track, you could do that without violating any or stepping on anyone's toes in terms of the issue of gambling. We're just creating this day to come out and have fun at the track, enjoy the racing. We have 50-cent beer night. Those are the kinds of things that these students want to hear. And we're going to cater to you that day.

MR. HARVIE WILKINSON: Harvie Wilkinson, from Keeneland. About six years ago we started college day, six or seven years ago. We had just under 1,000 students sign up. We give scholarships after each race with some other organizations. It grew to over 4,000 this past year. We have four or five universities in the central Kentucky area that participate. We don't mention gambling, they come out, they fall in love with the races, they fall in love with the ambiance and that is what gets them back when they graduate and they keep coming back year after year for various events. We have one of the lowest per capita in the nation on gambling, but that's okay. We think that we are growing new fan base by doing this. It has been very successful.

One other thing, we capture a lot of e-mail addresses. When they sign up for the scholarships we capture their e-mail addresses and we keep them informed to what's going on at Keeneland. We also do the same with handicapping contests with the older players, we capture e-mails and we send out lots and lots of e-mail blasts and we have probably eight to 10,000 e-mails now in our database, depending on whether it's a younger market or an older with the various contests.

So it has been very successful. We also have about 4,000 students every Saturday tailgating at Keeneland. Again, they are not gambling a lot, although we have a tent set up for them. But our biggest issue is not gambling it is underage drinking that we have to watch very carefully with the students.

MR. SITTON: Thank you; congratulations.

A VOICE: To expand upon Harvey's comments, this is directed towards the Gen Y people in the front row there. I think in our business it is very easy to get tunnel vision, to focus unnecessarily on the minutia, sometimes it's necessary but, you know, do you go to the racetrack? Do you focus on, My horse only paid \$8.70 as opposed to the \$9.20 that I expected to get? Or is it more a question for you all of going to the racetrack, being treated with respect, having a good time and picking winners, the competitive aspect of, I had four winners today and, oh look, she had three and she just played numbers, that kind of thing?

MR. SITTON: Nikki, you are representing all of Gen Y now.

MS. DEBASIO: Oh well. I would definitely say that Gen Y is far more focused on that experience aspect. I know that I took two friends over the summer to Santa Anita and I was able to — actually, it was Hollywood Park, it was Santa Anita in the morning, we got to stop at Santa Anita and speak with John Sadler and his assistant and meet the horses who would then run and be shipped to Hollywood Park and ran that afternoon. And I don't think that I heard once, either one of my guests who had never been to a racetrack, who have never gambled on a horse race, they never once said, Oh well, it only paid \$2.60. They said, Oh my gosh, my horse won, oh my God, I'm in the winner's circle.

They met the jockey, they met the trainer. It was all about that whole experience of, wow, I'm here and I touched that horse and I look — I shook the jockey's hand. I think that it can't be understated that you guys can focus on Generation Y just as bringing us in as gamblers and as contributing to your handle and your profit, but you also have to think that there are those of us that want to come into the industry and maybe be owners, and that's a huge thing. I know I sat through the stock market exchange, the bloodstock stock market exchange that went through yesterday and that's something that would really appeal to Generation Y. That chance to buy into a racehorse and to have that experience of, my horse won. They don't care if it is a claiming race or if it's the Kentucky Derby, especially if they're uneducated. It doesn't matter to them, they sat in the winner's circle, they touched the horse, they met the jockey, they met the trainer, it's the experience, it's that overall experience of being a part of something that to us is very much still the Sport of Kings. It is very much considered that those people are rich and they are well off and look what they can do that I can't. If you make it accessible and something that we can do and can enjoy, I think you will really drag us in, not just our money but also our participation on a much bigger level, on much more of the owner and the big fan, not just as the gambler that comes once a weekend, once a year.

A VOICE: As someone who is involved in the horse industry, for me to go to the track, it's not so much about the gambling, it's about the experience as well. I want to know what all is going on and if somebody from the track is nice enough to give us handicapping classes, low-cost tips, the restrooms are clean, the tellers are friendly, the food is edible, we really like that. If we have a problem, we're going to tell 10 people, I don't want to go to that place, it was dirty, the restrooms were

awful, the food was terrible, I'm not going back. Those people then tell people. It's the rule of, you have a good experience they tell 10 people, you have a bad experience, 100 people find out. So customer service and having a good experience is very important to this group.

A VOICE: Also, for me it is more of a tradition rather than going as a competitive person because as a young kid, I am used to going to the racetrack, meeting the jockeys, meeting other trainers and to other kids who are not from the racetrack, I bring them along and I tell them who this guy is and how many races he won. I introduce them to this jockey and they get excited and they see how small the rider is and some of them are actually really tall. It's more of a social thing than a competitive thing in some cases. Maybe if you can look at it as maybe more sociable with everybody, maybe kids can meet jockeys, they can actually meet trainers or some owners or famous people they see on television, it will make it more accessible also.

A VOICE: Hello. I just wanted to add that the face to face surveys that we did were really beneficial in getting ideas to attract new fans out to the races. Mostly everyone said that we need to do advertising with the big stars that we have in racing like Joe Torre, Jim Rome, Al Michaels. Have a 30-second commercial to inform people just how good racing is and how many thrills you can get because not too many people are aware that we have top people in there.

Also with Gen Y is we don't care, like Nikki said, it doesn't matter if it is the Kentucky Derby or an expensive race. Gen Y, we want to get together, we don't care if it is the cheapest race there is, as long as we win, we're happy. It is more of a competitive deal. A couple of buddies we know, we want to get together and they say, we don't care what track it is, we just want to win a race, we want to get that picture, put it up on the RTIP office and just be proud. And that is one thing to be proud of when you're in horse racing, it is just the great experience.

MR. WIDAMAN: One of the things that I was just going to remind, I hear people talking about collecting data and e-mail addresses. We need to go the next step, we need to start collecting cell phone numbers because I've got a 12-year-old son who all he does is text; yes, he has e-mail accounts and everything, I don't think that he's looked at his e-mail in the past two years. All they care about is texting and that's going to be next as far as getting some of our messages out there.

MR. SITTON: Let me review one thing for those of us who were around in the early '70s, counterintuitive thought. Do you remember the day that you found out that Sony Corporation was going to allow us to purchase a little box that we could keep in our house and with this box we can watch any movie at home anytime that we wanted. All of us said at the same time, Oh my God, they are going to close every movie theater on the planet because certainly since I can have this movie I can watch the Blues Brothers 300 times a day. I will never leave my house again.

And that was what we thought, correct? And they are still building movie theaters. People still want — just as these young people, the Gen Ys here, they

want to get out of the house, they want to go somewhere, they want to be seen, they want to see. I will give you a perfect example in the sporting world, I'm sorry, but you take a look at boxing, boxing was near dead. So what did they do? They came up with ultimate fighting, you can't find tickets for this stuff. It didn't exist 10 years ago.

A VOICE: I'm 28, so I'm the cusp of X and Y. For an industry that handles \$15 billion, I have to say, I'm really surprised at the amount of times or lack thereof that I've heard wagering and betting discussed. I know that it can be a taboo subject, especially among college students, but I think that ignoring that aspect of your marketing efforts is folly for an industry that certainly relies on that.

And speaking of my friends, or my anecdotal evidence, and I live in Lexington so I see this at Keeneland a lot with people who are new there, they are betting two or three horses to place and show in a race, which is a very quick way to lose your money because even when you win you are putting yourself in a position to lose. I disagree that people get excited with cashing a ticket because when they invest \$6 and get back \$4.60, even though they picked two or three horses that finished in the trifecta, they get disillusioned pretty quickly. So I really think that betting education needs to be a part of the marketing efforts. But I do agree with Nikki that maybe gambling isn't someone's bag and maybe they get into ownership, but I think every owner will tell you that that is a gamble too.

MR. SITTON: One of the things that I've noticed in Las Vegas right now and I see it, I try to avoid the Strip like the plague now, but every single casino has got a — in the morning when you walk by one of the empty craps tables they will say, at 4 o'clock today there is a craps lesson, and the place is packed. I know most of you or all of you have tried that but I agree with you and I think that education process begins with allowing the players to come in and hear from an expert because it makes them an insider. If you are a young person and you take the time to come to a racetrack and hear from a guy in-the-know who is going to tell you how win-place-show works or what a quinella and all these other things are your first time out, or how you read a Racing Form. What do these times mean? I completely agree with you and I think that is first thing in the door when you get young people, give them that opportunity to find out how to bet.

Anybody else? Question? Comment?

Thank you very much for the opportunity. Thank you all for coming. I appreciate it.