



Race Track Industry Program

THURSDAY, DECEMBER 9, 2004

Morning Session 2

MARKETING TO DIVERSE GROUPS

Moderator:

Susie Sourwine, Director of Marketing, Emerald Downs

Speaker:

Heberto Gutierrez, Principle and CEO, Inventive, Inc.

MS. WENDY DAVIS: Right now I'd like to introduce Susie Sourwine, who is the moderator for our panel here today. She's the director of marketing at Emerald Downs. And I would also like to encourage you, if you don't read any other bio that we've printed in our program, please read Susie's, because it's the best one you're going to read, I guarantee you, all week.

Susie started at Marquis Downs and then moved to Assiniboia before she moved down to Seattle and Emerald Downs. But I understand she wore a whole lot of hats at Marquis Downs. She was the gardening consultant as well as doing some interior design there. So she certainly has worn a number of hats. She will be taking over our panel today.

But I do need to make one correction. And again, if you haven't gone through the bios you see there's a bio on the far right that's a little blank. And you'll see two people up here. Well, we never really did get the name, but he came. But we couldn't find a mike small enough for him, and I don't think he can say much. But there might still be a spot or two. Maybe he just better stay right here.

As you can see, our representative from Budweiser was not able to make it. But we've got him here in spirit. And I'll face him out to the crowd. And if you have any questions, come ask the lizard.

So without further ado let me turn it over to Susie. Thank you so much.

(Applause)

MS. SUSIE SOURWINE: Good morning, everyone. In honor of the Budweiser lizard here, I'll tell you I'm a much more educated beer consumer after the meeting today already, and I was pretty good at it before.

And thank you, Wendy, so much. Remind me never to tell you stories minutes before we walk into a room again.

I just first want to share how excited I am to be here as part of the U. of A. When I was back at Marquis Downs in university myself, I remember getting a copy of the transcript of these particular meetings and just poring over them, and ordering a couple years to see what had passed, and I was reading them from the '80s on, just because my company wasn't able to send people to travel to things like this.

And it was so inspiring and just refreshing to be able to hear about what everybody was worried about and thinking about and how our industry had changed, and we get a lot of criticism a lot of times, this industry, that it's very static and there's no change.

And I don't think that's true at all. We've done some really remarkable things. So for me to actually be here today and be part of it, this is really wonderful for me.

I'd also like to say that this year was the first year that I had an intern from this program at my company, and she was absolutely fabulous. And I'm very proud to say that there's actually three young women from the State of Washington who are currently part of the RTIP program. And they're just marvelous girls and I can't say how proud I am of them all.

I've watched them just be racing fans and to show up here and know that they're going to be working in the industry afterwards just excites me to no end. And I think that you'll hear a lot from them in the future.

The interesting part of our topic today, which is marketing to diverse groups, horse racing has such a broad spectrum of appeal across so many cultures and geography; already racing is conducted throughout the world essentially the same way, and is enjoyed so much.

And I think that drilling down on a marketing basis to start figuring out how to really reach out to the differences inside of our own populations around our racetracks is really exciting and fascinating.

The mix of attendees at this meeting alone shows you how many different people and in different ways in different countries and locations, even in this country alone, the diversities between San Antonio and Seattle, for example.

Heberto and I were discussing before, it's fascinating to see the different mixes and populations, and how we can take this one product out to everyone. And our product alone, one of our greatest challenges and our greatest strengths, I think,

about the horse racing product is that our customers all enjoy it in a slightly different way.

We serve such a broad spectrum of people, everyone from our simulcast patrons who want the highest technology and the easiest availability of information, to the people that are out on a family fun day that just want to look at the horses and have their \$2 show bets, and are growing our next generation of fans, and all those people that fall in between that are just out for dinner and a nice social opportunity.

And I think that's reflected in the global racing environment where you have a place like Dubai where the racing is conducted without wagering at all, just purely for the sport and the magnificence of the animal.

And then to the other spectrum where it's all just about gaming, it's a monopoly gaming situation left in some other countries.

So we have the product, a lot of other people that we were talking about branding and pulling out the diversification of our product into appealing to these diverse markets inside of our own demographics would really have to look at their product and say, "What do we need to change?"

And I think that we're entering this from a wonderful place of strength, and that excites me. The last couple of days you would have been hearing a lot about database marketing and our player reward system, and I think that you'll see that in horse racing we're doing such a wonderful job of trying to maximize the customers that we already have; we're trying to know more about them, know about their habits, know about their wants.

But are we missing a whole segment of the population that we haven't even brought into that, that we're beginning to dissect? And I brought with me just a paper from the U.S. census and there's 210 million people here in the United States, and 24 million are of Hispanic and Latin origin.

There's another 24 million that are Black or African-American decent, another 8.6 million of Asian or Pacific Islander and 12.5 million that are of another race. And the question that we ask ourselves is, "Are we speaking to these people and inviting them in to enjoy our sport?"

And I think as I talk to other marketing people from around the industry once I realized that I was doing this panel and I asked everybody, "Are you doing anything specific?" And I think what has happened is it's been on the highest of intentions, racing has had the best of intentions about reaching out, specifically to other demographics, and particularly other ethnic demographics to try to bring them in, but it hasn't been something that's been done.

We don't have case studies of it. There isn't an expert inside the Thoroughbred racing industry that could come up here and tell you about projects that we've done and completed, that have been successful at bringing in these markets.

Lucky enough for us today our panelist has a great amount of experience with this, and it's my pleasure today to actually introduce Heberto Gutierrez who is the CEO of Inventiva, which means ingenious, and I think aptly named. Inventiva is a full-service Hispanic marketing firm founded by Heberto in 1990 and is based in San Antonio, Texas.

Heberto was born in Mexico and was raised in the U.S., and he helps clients understand and effectively market to Hispanics in both the U.S. and Latin America.

His nationally recognized company has helped a variety of blue chip companies, including the American Quarter Horse Association which we're going to hear about today, S.P.C. Communications, Jim Beam International, Motorola, Six Flags Theme Park, R.J. Reynolds and many more.

His consulting has extended to Argentina, Paraguay, Uruguay, Bolivia, Colombia, Chile, Mexico and Puerto Rico. It's my pleasure to introduce to you Heberto Gutierrez.

(Applause)

MR. HEBERTO GUTIERREZ: Buenos Dias. There you go, good.

Well listen, I think the most important thing that Susie said, and it's in our bios there as well, it's a preface to our bios, is that the demographics, America is changing on a daily basis, constant basis. And I think we're finding more and more companies, organizations, associations waking up to that.

And I think it's about time, because it's been happening now for several decades. And what I'd like to share with you is just a short presentation, PowerPoint presentation on some — first off, the dynamics of the Hispanic market, some psychographics that we've seen in terms of this unique target, and then I'd like to do a brief case study on my relationship with the American Quarter Horse Association, to hopefully just kind of show you how to get started.

Because most of my clients always say, "We've always wanted to do this because we know it's the right thing but we never know how to get going."

So hopefully this will shed some light on that.

First off, we are, as Susie said, we are based in San Antonio, Texas, the Alamo City, and we provide all of the facets of marketing consulting to Hispanics and Latin Americans.

Our formula is very simple. Very simple. We conduct a thorough internal audit, non-financial, I always qualify it, we always want to see where you are from an operational standpoint, from a staffing standpoint. Because as I always say, if you're going to say you habla you better be ready to habla.

Then we conduct an external audit. You know, a critical aspect is sometimes we forget to talk to our target, and that's exactly what we do, is we go out and we talk to your target, in either focus groups, one-on-one settings or little team groups.

Little bit about the dynamics. The latest update shows that we're approaching 40 million. We've got a larger population than Canada, where Susie's from. We're basically growing faster than any ethnic group in the country. We're growing at two and a half new Hispanics every 60 seconds.

That means when this panel is done in an hour there will be 150 new Hispanics in this country. This is through immigration and through birth. And obviously by the time the day is over it will be over 4,000 new Hispanics just today alone; scary, isn't it?

In terms of demographics we skew younger. We're about, on average, according to the census, 10 years younger than the general population, we average about 26 years of age compared to about 35 for Anglos.

In fact, what's interesting, almost two-thirds of all U.S. Hispanics are under the age of 39. Very, very, very young population. Tremendous buying power; and phenomenal growing of buying power over the last three or four years.

Part of what we do as well in terms of helping our clients successfully communicate and market to Hispanics, most people think it's simple, we just have to put everything in Spanish, it's just a language issue. And I think if you take that approach you're headed toward disaster.

Our formula is really a four-pronged formula. Language certainly is one of the key factors in effectively reaching Hispanics. In fact, this is a proprietary model that we established through a series of qualitative research throughout the country.

What we've done is — GLA stands for Generational Language Assimilation model. And if you start at the bottom the GLA-1s are folks like my mother, my in-laws that migrated here, and they only speak Espanol. If you're going to reach that segment of the population in the United States, at this time you can only do it in Espanol.

The second group is the largest group, it's about 50 percent of all U.S. Hispanics, and we can speak Espanol, we speak English when we have to, some Espanol, and we go back and forth. And it will drive you nuts if you see a group of Hispanics in an Anglo setting, because you know they're just all going back and forth, and that is the fastest growing group.

The GLA-3s are the smallest group, it's about 19 percent, and those are the Spanish language not preferred. Doesn't mean they're not proud to be Hispanic but they just didn't develop the skills for it.

The second area that, in order to be effective in the Hispanic market, is addressing the cultural issues. I think the best example I can give you of that is the fact that we basically have our own differences; we have our own nuances, just like we Americans have, from the southern American versus the northern Americans, we all have our own little idiosyncrasies. Is it soda, is it pop, is it a Coke, is it a carbonated beverage? These are nuances that we find even in the Hispanic market.

And we always try to address that. As it relates to the horse industry in working with AQHA, we even found — like in Latin America, for instance, they don't even believe in castrating a horse, I mean, that's just unheard of. It's an unmacho thing to do. I mean it. Just — they'd rather have an uncontrollable horse than say that they have a castrado, a gelding, and it's a remarkable thing for them.

The terminology varies by country, and that's been a big challenge for my firm over the last 13, 14 months working with AQHA, because a term that will work in Mexico will not work in South America, for instance.

We found — I'll give us just one example. Many Mexicans refer to the groom which is formally the caballerizo in Spanish, they refer to him as a mozo. A mozo is a helper, but it's a very general term. But it's very common. When we tried to use "mozo" in South America we found that in Columbia it meant a lover. And in Central America it meant a very handsome guy.

So you can see the challenge for us in trying to have a united front in what we communicate for AQHA has taken us beyond just the southern borders, the immediate borders.

The third area that we look at in order to be successful marketing to Hispanics is recognizing the accultural aspect. The best example I can give you of that is back a few years back when I was standing before a judge with my right hand up being sworn in as an American citizen, along with about 400 other individuals, the best thing, the best memory I have is what the judge said afterwards. He said, "Congratulations, you are no longer a hyphenated American." And I just thought that was so awesome.

"You are now an American of Mexican descent, an American of Italian descent, of African descent, of Asian descent."

What that really says is that we do not have to abandon our culture, our original culture, to embrace a new one. And we find that a lot of Anglo population, through our research, has in fact done that. But now we're seeing an emergence, a re-emergence if you will of wanting to embrace the cultural ties.

So I think that what we need to address here, and it's important for your industry, is you have big events during U.S. holidays like 4th of July. We as Hispanics will embrace them as vigorously as we do our own Independence Days; those that are probably on the West Coast or in the Southwest, you know Cinco de Mayo is a very

important Independence Day for us; and as the 16th of September is probably the most important Independence Day.

I keep telling my clients that Mexico's been conquered so many times we just celebrate every single one of them.

(Laughter)

Gives us an opportunity to party.

The last area is one that we've really found interesting is retroacculturation, and this is what I was talking about, where we now have those folks, that 19 percent that I told you was English language dominant? We're finding that they want to go back to their roots. We're finding that they want to embrace their culture. You know, they're folks like my son who's 21 years of age, that a few years back said, "You know what, I want to go to Mexico and I want to go to the pyramids. I want to know about my ancestors."

This is something I've been praying for for years, but it just happens at a time and a point in their life when they just find this newfound excitement. And when you do that — as it relates to the horse industry — we find that more and more families and youth are getting involved from that standpoint, from a Latin American standpoint, I think my question is, "Does anyone know the number one language spoken in the world?

A VOICE: Chinese.

MR. GUTIERREZ: Absolutely, good. This one didn't know; but the number two, the second most? Arabic? This one always surprises anyone, it's Espanol. But look at the Americas, look at the — I mean, look at the islands, the Caribbean Islands, and this is phenomenal when we look at the fact that it's the second largest.

When I've traveled to Europe I usually get by with my Spanish much more than my English, because there it's just so common for everyone to understand the languages of the surrounding areas.

What we found in working in Latin America is that they're different countries, different people. Even Mexico, people have the misconception that in Mexico, that everyone speaks Spanish. There's over 200 dialects in Mexico, over 200 dialects.

The favorite resort for most people is Cancun; Cancun is in the Yucatan Peninsula, and Yucatan, the people there speak Maya. So if you ever go there listen, for those of you that know Espanol, you know you'll hear something beyond English and Spanish, you'll hear Maya being spoken.

So these are things that, as we look at these countries, that we have to respect that and understand those differences.

Now, the biggest factor in Latin America is that relationships are key. People make things happen. How many of you took any kind of Spanish, either high school or college?

(Show of hands)

Yes, it's about half of you. Do you remember that in Spanish, that we have the two modes of the formal and the informal. Do you all remember that? It's a beautiful tradition, it's a beautiful tradition. We are raised and taught that whenever you meet someone new you always address them in the formal mode, "usted," remember the "usted." "Como esta usted."

Is that "Todo bien usted" in the usted mode and the beauty of our language is once you've established that connection with someone, usually it involves touching, you put your arm on their shoulder or you hold their hand, and you say, "Habla neda tu."

You release them. You say, speak to me in the informal. It happens, it happens. It's the most beautiful transaction that happens. And then after that we always hug and we kiss. I mean, we hug and kiss everyone.

I saw an article in the USA Today, a criticism of Bush, George Bush, because his new cabinet members, or the two females, he hugged them and he kissed them, and that just — in America that's not allowed. That's a terrible — I said, "They better not go to Latin America, we're hugging and kissing everything, you know?"

(Laughter)

Everybody does. So you need to know how to do business. And then have a plan. You've got to map out a plan. Most people then say, "So how do we get started?"

What I'd like to do is just the next couple of slides show you; I've got permission from my client American Quarter Horse to show non-proprietary information, but it's just to show you how we got started with them and the fruits of this labor that they are starting to see.

So with them, they came to Inventiva and they said, "We need two things. We need to take care of what we've got in terms of take care of the Hispanic membership that we currently have both in U.S. and in Latin America; and secondly we want to grow that base. We want to make our services user friendly, if you will, for everybody."

Because as you recall the American Quarter Horse Association is not just a U.S. — yes, they're U.S.-based, but they're not just a U.S. association. They are a worldwide, an international association.

So what we did, we took a few months to do the internal audit and a few more months to do the external audit, which comprised well over 400 interviews in eight

countries, many focus groups, a lot of racetracks that we went to, backside, frontside, in the stands.

We prepared a gap analysis, where they were missing this target once we conducted the research. We made several recommendations here recently to them, and we've started implementing a three-year plan that we helped develop jointly with them; and more importantly we helped them with project implementation. Because, you know, it can be overwhelming when you see all the things that need to be done. You go, "Whoa, I don't have the manpower."

So we have stepped up and helped them with the implementation, and we're evaluating and adjusting as needed.

The first thing we found was — which we suspected, and my hat's off to AQHA for being smart enough to see this, being a leader in the industry, that Hispanics are a viable target. And we're not talking just the backside. Because when you walk the backside in Los Alamitos, Sam Houston Race Park, that's all you hear is Spanish; you don't know Spanish you don't know what's going on back there.

But it's no longer just the grooms and jockeys and the trainers. We are now finding that it's grown into the ranks of owners and breeders as well. So it's a huge opportunity for us.

As we said, we prepared a three-year plan so we could know realistically, financially, economically and operationally what's feasible for us. We launched a Spanish language Web site. Remember, that's the best way to communicate more. Probably most of you here either booked your flight, your travel plans, one form or fashion through the Internet, found out about the Symposium through the Internet.

This is one of the best ways. And what we've done with AQHA is we have now launched a Spanish aspect of it; so anyone go to the AQHA Web site you'll have the option immediately on the home page to go to Espanol and have anything taken care of.

We started hiring in-house Spanish language adaptors. Notice that I refrained from the use of the word translators. You know the one thing I preach to my client is, do not translate materials from one language to another. Things get lost. If you've ever been to another country and tried to read the English translation back, translation from that country, and you just laugh, but it's good reading material, because of all the mistakes.

And that's what we find traditionally. You have to adapt the ideas and the communication into the Spanish language. We had very few forms. We were told when they first called my firm, we were told, "Hispanics will not transfer the registration of their horses to their name. They buy horses, they buy a lot of registered quarter horses, but they will not."

Well, we found out that's true, but it wasn't because they didn't want to, it was because they couldn't. We went recently — we were in Mexico last month at one of the largest events in Mexico, horse events in Mexico. And once they knew AQHA was there, and we habla Espanol and we had forms in Espanol, they were just coming with forms.

We had one guy that brought seven registrations that he had for over five years, said, "I've been wanting to transfer it to my name." So none of the credit according to our books were going to these Mexican owners, they were still to the U.S. owners.

And so you've got to make it simple. If you're going to habla you better be able to habla. We've written more articles. We're saying, "Let's put articles in Espanol."

We've got three publications that we put Spanish language articles in. We do everything from "how to" to human interest stories, and this is one of our best sellers.

The Racing Journal is probably -- any of you that get the AQHA Racing Journal, you'll find our Spanish language article in there every issue. And what we're hoping to do is expand that even greater.

Just recently we started putting the Journal online now, so the subscriptions no longer have to come from a physical receiving the publication in your homes, because for many of you that live in the U.S. we enjoy many, many wonderful benefits that we take for granted, and one of them is the U.S. Postal system. Say whatever you want, but when you go to Mexico, and you mail anything to Mexico or within Mexico, good luck. Good luck.

(Chuckles)

And especially since many of the rural areas don't have formal addresses, it's just, "You go 20 miles southeast and at the tall cactus you turn left down a dirt road over a dry creek and there's a ranch." And you try telling that to Federal Express.

(Chuckles)

We started participating in Hispanic events. I mentioned Cinco de Mayo. And the senior director of marketing at AQHA called me and said, "Herberto, what do you think about this?"

And I said, "I think it's a good start."

First off, I applaud Sam Houston Race Park for at least recognizing that and doing an Hispanic concert series throughout the entire month of May every weekend, and I think that's a good start for some of you that are in areas with high Hispanic population.

We started attending events, this is the event in Agua Caliente, Mexico, last month was the international, the largest championship, charro championships in all of Latin America. And we were there, participating at the booth, informational booth.

We awarded buckles, AQHA buckles to the best participants that had a registered American quarter horse in the competition. And it was a phenomenal success for us. We're talking about an 18-day event that averaged 35,000 people per day. Per day.

Some success stories we've had, I'll just briefly go through these four that we've even highlighted in our Journal, and you can see these even online, is Oak Tree Special, which the owner is originally from Mexico, Paul Rubalcava, and the trainer.

I met them, sat down. They were excited. They're finally getting in the limelight, if you will. Tremendous horse, By By JJ, this was phenomenal in winning the \$2 million All American Futurity; the owner, Rosella Prieto. And what was interesting is the way in the winner's circle you can see those are all her cousins, uncles, and that's all her family there.

(Laughter)

I mean, it was overwhelming.

What you see in there, and the Futurity; that one was simulcast also in Mexico City, and I can tell you it was confirmed that the crowd at the Hippodrome in Mexico City just went berserk, and it seemed like the whole city just came to a standstill when Azoom from Veracruz, Mexico won that.

And then finally Hawkish, which was the derby winner, the Pacific Coast Derby winner, the owner Enrique Gonzalez — I mean Enrique Gonzalez is a phenomenal story. A guy that came over legally years ago from Mexico started off as a busboy, as a busboy; came with nothing in his pockets, slept on the streets and worked his way up from a groom to trainer to now breeder and championship owner.

So folks, if you're thinking that your Hispanic target is just those on the backside, I think you've got to wake up and smell the cafe, because it's starting to really — it's going to change around you.

So my challenge to you, in conclusion, is really two-fold, and is, how do we get the Hispanic bettor? How do we get him into your tracks, racetracks? How do we get them not only into your racetracks but also to plunk down a couple of bucks for a bet.

And they're out there, you just haven't invited them. You need to invite them. And then how do we help more Hispanic ownership of horses, racehorses in the industry? And I think we need to be there. If we recognize that, I think you'll find that it will be, as we say, a golden opportunity for everyone.

Thank you very much.

(Applause)

MS. SOURWINE: Thank you so much, Heberto, that was fun. The moderator of my one unruly panelist here I can see.

MR. GUTIERREZ: Not so unruly.

MS. SOURWINE: I get to ask the first question. And I think your presentation was wonderful, some food for thought for me. For those that are here, your plan with the AQHA must be very comprehensive and you guys put a lot of effort into the research before developing it.

What advice would you give people like myself who haven't had that ability to do that at this time, but really would like to start making a move even in the direction of beginning the invitation. What's the most important thing that we should do to reach out to the Hispanic market?

MR. GUTIERREZ: Well, first off is find someone in your area that has credibility in the Hispanic market, that understands it, either through your local Hispanic chamber, look for the marketing firms, look for any particular owners, Hispanic owners or leaders, if you will, in your community.

And sit down with them, have a cup of coffee and start talking. Because that's how we got started with AQHA. It was just — in fact, I remember the phone call real well from Tom Persechino.

He said, "You know you may think I'm crazy, but we need to start somewhere and we don't know how to get started."

And all we did was just sit down for a cup of coffee, if you will, and just talk through what it would take. And we found that you can get started a piece at a time, if you will. So find someone that can help you that's credible. And we're available. Obviously.

(Chuckles)

MS. SOURWINE: We are marketers up here. Thank you.

MR. GUTIERREZ: I know that the previous panel said, I feel like putting my name on my sleeve, on my silks.

(Laughter)

MS. SOURWINE: We can take some questions from the audience if anyone has any?

All right, I'll just keep asking for a while.

MR. TOM PERSECHINO: I was just going to ask you to address how, when we started this project and you started your research, there was a big disbelief because we were going after the horse-involved members first.

There was a big disbelief on the part of those people that we were going to follow through just going after — taking the next step after research, and if you could just address that.

Because one thing we've learned that that was a very valuable thing is to follow through on some of the promises that we were making; and believe it or not, research is sort of a promise to the customer.

MR. GUTIERREZ: Tom is correct. What we found is we started conducting our research, and over the 400 personal individual interviews that we did, is that we are, although we're a large population, we're a tight-knit group. And what happened, word of mouth spread, "AQHA is about to do something big," because it implied that. Why else would you ask me my opinion, why else would you ask me what you need to do in order to serve me better?

And so consequently we found people calling AQHA, calling us saying, "Okay, when are you going to do something?"

And so the pressure then was on that we needed to start doing something, even though it was baby steps, if you will. And so that was part of our credibility issue, is that they started seeing forms being adapted to Spanish, started seeing more articles in Spanish.

The Web site now, God, they were just so ecstatic that they could now — because we're talking folks in Argentina doing business with us, we're talking folks in southern, remote parts of Mexico doing business with us. And now we made it so much easier for them.

I mean, they seemed like simple things but it went a long way for us in terms of making good on the promise. Because I always say, "If you promise something, you've got to make good on it."

And because we're also — we're a very loyal culture. If you do anything for us, if you help us any way, we will be true to you for life. But you let us down once and we walk away.

So you can cause more harm by starting something and not following through, and we still have some items on our checklist, Tom, don't we? But at least we've got started and we've got our folks excited.

MS. SOURWINE: You know, if Tom will let you answer a couple of these questions for me. When you're talking about, how do we get these customers, the people that

are in our local areas, and how do we get them to the track and get them to plunk down their \$2, what thoughts have you guys put together on that, and what does that invitation look like to be appealing to the Hispanic market as a recreational destination?

MR. GUTIERREZ: Well, unfortunately I don't have the answer just yet on that because that's the next step. The first step for us in our Hispanic market plan was basically just taking care of what we got, and that was really focused towards our membership and then growing that and taking care of that need.

We just recently, the last few months, started addressing filling up the stand with more Hispanics and their families. When we went to the Hippodrome in Mexico City, it's just phenomenal how they just pack them in; and it's like family night out there.

I mean, every night there's a race it's packed, and it's a family event, it's not just — obviously they're betting, there's betting, but it's a family event.

And so when we went to Mexico City and saw that, and saw that as an opportunity, and so, Susie unfortunately we're just now launching into that, since the preponderance of our focus was on the membership.

So maybe next year if we're back we can give you that answer a little bit clearer. I don't know if Tom or — we also have Trey Buck here who's in charge of AQHA, the director of racing for AQHA. I don't know if we've done anything else that can help on that. But I think that's our next step.

MR. PERSECHINO: Just mildly we've started — the Sam Houston project was kind of a first step, just now started developing some marketing collateral in ads that those are just now being placed.

MS. SOURWINE: Perfect, we look forward to hearing about that, I think those measurable results when we start to try to put together pieces, collateral pieces, in particular in advertising adapted to a different language, is always a challenge.

In Seattle in the last couple years one of the things that we've tried to do is take advantage of the Japanese tourism boom that comes with a player like Ichiro Suzuki and formerly Kazuhiro Sasaki.

And we reach out — there's a Japanese publication which is basically the tour guide to Seattle, done entirely in Japanese, and we're a significant advertiser with them, but at the same time I'm really taking their word for it at this point that I'm reaching their audience in the correct way.

And I also worked with Autotote on printing wagering slips for my terminals in Japanese; because if any of you have had the pleasure of visiting Japanese racing in person, a lot of the wagering is conducted by filling out your slips. So I wanted

these potential customers to feel as at home as possible when they came to Emerald Downs.

Unfortunately, I can't say that I've seen a significant draw there, and I think it's much more about like Heberto said, making a contact with a reliable person from that community and reaching out to them in organized fashion rather prior to just expecting people to trickle in the door just because I can place an ad in Japanese and put in their hands.

Yes please?

A VOICE: My question is: If you're going to get an opportunity in a market segment, is there something that you can do wrong so that you won't even get anybody to listen to you? Like for example Spanish Speakers.

Is there anything you focus such as language and psychology?

MR. GUTIERREZ: If I understand your question, it basically, is there is anything we can do, that an organization could do wrong that could basically backfire on you? With good intentions but it just backfires?

A VOICE: Yes.

MR. GUTIERREZ: Well, you hit on the first one is, don't translate. Don't translate. It was incredible some of the early articles that we were looking at from some of our other clients. And what they were doing is getting a Spanish-language-dominant person to translate from English to Spanish, and what you were finding is the Spanish-language-dominant individual did not really know what you were trying to say in English so they were just interpreting it the best they could, and especially with expressions.

And some of these articles, we've got all of these examples; we've got very creative writers at AQHA and they talk about "forking a horse." And the original translator actually put, "Sticking a fork in a horse."

And obviously I think — we meant him mounting the horse. And so these are things that get lost. The other things that can backfire on you if you're not careful is the cultural nuances, if you will; is having — not being sensitive to possibly — in the northeast the Caribbean Hispanic is very, very prominent, so they celebrate the Puerto Rican Day Parade in early June.

And you certainly want to make sure that you study — if you're going to be part of that and say, "That's a good way I'm going to get started in that area," if you have a racetrack up there, is make sure it's more Puerto Rican-related.

You know, for Six Flags theme parks, they've got a park in New Jersey, and when we did the advertising campaign for them we used Puerto Rican talent and we used

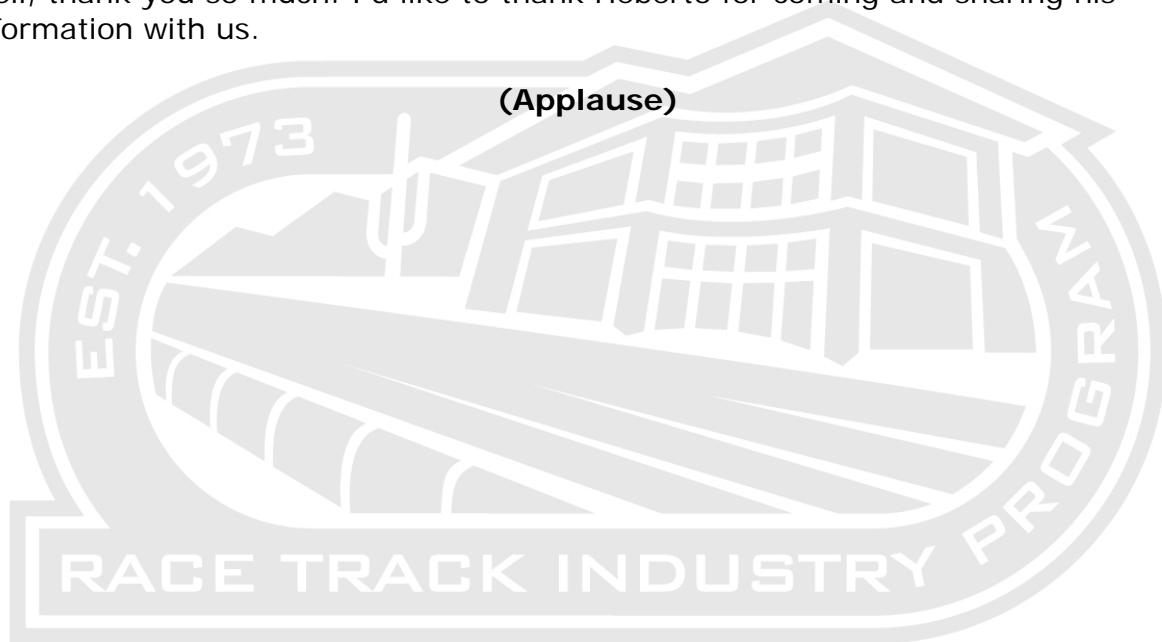
Puerto Rican situations in their commercials versus we used Mexican talent for the California, the Valencia park and the Dallas, Houston, San Antonio parks as well.

So we showed our sensitivity just in the nuances there, because we say ninos for our kids and they say nenes, the Puerto Ricans do nenes for theirs.

In our focus group, post-production focus group, they were really thrilled, the target audience, that we were very sensitive to that. So I think language and culture, as I showed you my formula, is — be very cognizant of that.

MS. SOURWINE: Anyone else?

Well, thank you so much. I'd like to thank Heberto for coming and sharing his information with us.



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