SIZE MATTERS

The impact of field size from a horseplayer’s perspective

Christopher Larmey
Chairman

NATIONAL HANDICAPPING CHAMPIONSHIP
NATIONAL HANDICAPPING CHAMPIONSHIP (NHC)
PLAYERS’ COMMITTEE

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Presentation Outline

- Why I was invited to speak and why you should be interested in what I have to say
- The 2 main types of horseplayers and what motivates them
- How field size affects the horseplayer
- Summary

“Money won is twice as sweet as money earned.”
Paul Newman in the movie “The Color of Money”
A Very Simplified Business Model of the Racing Industry

- Owner
- Breeders
- Trainer
- Horse
- Jockey
- Horseplayer
- Wager
- Track Operators
- Race Horse
The Two Main Types of Horseplayers

- **Recreational**
  - Racing is a hobby, primarily entertainment
  - Main motivation is the intellectual challenge of handicapping and the thrill of making a big “score”

- **Professional**
  - Big percentage of the handle but small fraction of horseplayers
  - It’s a job
  - Makes a living betting on horse races
  - Grinds out a profit using a slight gambling edge and rebates.
  - Primarily motivated by long-term returns
  - Achieves those returns by uncovering slight inefficiencies that create a betting “edge” in wagering pools and leveraging those through large wagers
Field size affects the recreational player in two main ways:

- In general, smaller fields create less challenging races to handicap and are much less appealing
- Smaller fields also lead to much smaller payouts and very little chance for a big score
  - There are 360 possible superfecta combinations in a relatively small, 6-horse field. There are 11,880 such combinations in a 12 horse field!

“I’m king of the world!”
Andrew Beyer, “Picking Winners”
Field size affects the professional player in two main ways:

- In general, smaller fields generate smaller wagering pools, which limit the amount a professional can wager
- Smaller fields also tend to generate fewer significant inefficiencies in betting pools

*A horse! a horse! my kingdom for a horse! (or at least 8-12 of them in every race...)*
*Modified from William Shakespeare, "King Richard III"*
The main product a racetrack sells is a “wager”

The primary customer who buys those “wagers” is the horseplayer

Key to success for the racing industry is a better understanding of how to make the primary product – “a wager” as compelling and appealing as possible to the primary customer – “the horseplayer”

Size matters!

- Recreational horseplayers care about the intellectual challenge of handicapping a race and the opportunity to make a big score – field size has a significant impact on both

- Professional horseplayers care about long-term returns. They achieve those returns by uncovering slight inefficiencies that create a betting “edge” in wagering pools and leveraging those through large wagers – field size has a significant impact on both.