



TUESDAY, DECEMBER 8, 2015

Digital Marketing Strategies

MODERATOR:

Keith Chamblin: COO, National Thoroughbred Racing Association

SPEAKERS:

Sean Frisby: Founder, Principal and Chief Brand Ambassador, BrandTenet

Rob Key: CEO, Conversion, Inc.

Ms. Liz Bracken: Okay. Last, but definitely not least, today, our Digital Marketing panel.

We thank you for staying with us, and we thank these gentleman for staying a little longer to get our panel going a little later than we expected.

We also want to thank our sponsors for the beverage breaks, Del Mar Thoroughbred Club and Elite Turf Club, and our session sponsor, Bettor Racing Incorporated.

Then tonight, your alcoholic beverages will be courtesy of the Daily Racing Forum at the reception.

This will be the last session in this room. The Idea Factory will be starting in Salon C at 4:30.

The students will have some presentations right outside the door. They'll be there 'til the cocktail hour, so you'll be able to do this panel and then go see some of the students — the seniors presenting their senior projects.

I will introduce our moderator, Keith Chamblin. I think everybody should know Keith. Presently, Chief Operating Officer of the National Thoroughbred Racing Association, and I will let him take it away.

Mr. Keith Chamblin: Thank you very much. I'm happy to be here and congratulations to Doug and his team and students for doing such a great job this year once again.

We're gonna spend the next 45 to 60 minutes talking about digital marketing. It's a program that — we instituted a digital marketing strategy in 2008 at the NTRA using a forum called Social Sphere that we've used out of Cambridge, Massachusetts.

They originally were doing research for us and then evolved into a social media and strategies company.

Our strategy was really based on three principles. We committed ourselves to communicate openly with various stake holders and in particular with customers and horse players.

Secondly, we made a concerted effort to listen directly to fans and their discussions that they were having online and pay close attention to those discussions, and further to seek ways where maybe we could become involved in those discussions.

Then thirdly, we determined that when appropriate, we were gonna ask fans directly for their help.

As everybody in this room knows, horse racing fans are extremely passionate.

We thought if we could harness that energy and that passion, which came through in years and years of research that we've conducted on behalf of the sport, the NTRA and the industry in particular could benefit from the intelligence and the enthusiasm that exists outside of the NTRA and our organization.

Those were the three foundation principles that we launched our digital marketing strategy under.

They've helped in a number of ways. They've helped fuel unprecedented growth in the National Handicapping Championship, which will offer a \$2.5 million purse next January in Las Vegas.

The NHC started in 1999, with a purse of \$195,000.00. It's grown tremendously in the last 16 years during a time period when some of the

growth trends in our industry have been somewhat stagnant or even declining.

It helped us earlier this year. Maybe the best example of the importance of having a digital marketing strategy at the NTRA was in Washington, DC, where we're making a push for changes to regulations relating to withholding and reporting on pari-mutuel wagers.

Earlier this year, the IRS and the Treasury came to us and they wanted us to exhibit to them that our industry cared about this issue.

With the help of many, many different organizations and many people that are out here in Tucson this week, in a very short period of time, we were able to harness the industry and submit 12,000 emails to the IRS and the Treasury in support of modernizing the pari-mutuel tax code.

It was invaluable in our efforts in Washington, DC, and will continue to play a role as we try to harness and use grassroots to convey to Treasury and to regulators in Washington that tax modernization is vital for our industry to thrive and grow going forward.

Not all of the programs we've undertaken, and initiatives that we've undertaken, since 2008 have worked to that degree.

We're more committed than ever to a strong digital marketing strategy and have it as a platform for under which — for everything we do at the NTRA.

We view it, in short, as really we began a conversation in 2008 with our customers and our stakeholders, and that conversation continues to evolve and will continue to evolve going forward. That's the way we view it.

I'm excited this afternoon to hear what our two guest panelists have to say about the issue. You're gonna hear two distinct perspectives on digital marketing.

One from a macro, 40,000-foot level by someone who is also involved in our industry.

Then another involving an industry case study undertaken under the leadership of Mike Tanner and the folks at the United States Trotting Association, which I think everybody will find interesting as well.

First up is Sean Frisby. He's the founder of BrandTenet. Sean is a classically-trained brand marketer with over 20 years of brand management experience. He's had marketing roles with Arlington Park and Los Alamitos.

He specializes in brand strategy, product development, and data analytics. Sean, he's worked with a number of — over 45 different consumer products

and categories on behalf of a number of Fortune 500 companies as well as, as I said, some organizations involved in the pari-mutuel industry. With that, I'm gonna turn it over to Sean.

Mr. Sean Frisby: Thanks, Keith. You saved me a couple of slides. I appreciate that. I appreciate the tee up. That was a great introduction. I'm going to pass over a couple of these things.

I do want to mention though, to try to establish a little bit of credibility with this group, is I am a Thoroughbred owner.

Red Apache is a grandson of Tabasco Cat. Now he has a new career. We purchased him off the track, but now his new job is to jump. That's my daughter. He just loves his new job. We call him "Riggs."

Real quick agenda. Some of this stuff is gonna be rehash from earlier, but we all know about the value of reach and frequency and sometimes we need to hear things a couple of times. I'm not gonna spend a whole lot of time on some of the slides that were presented earlier, but really just a recap on big data, talk a little bit about social media and other data sources as well as the technology landscape.

Look at data types, that's something I'm gonna spend a little bit of time on, 'cause I really want to stress the two different types of data; both structured and unstructured.

I think you'll get some value out of learning a little more about that. Then really talk about consumer insights.

Some of the systems that are available today, I didn't hear any — some of them presented today.

Hopefully some of that's gonna be new information that you guys can take back and be actionable for you.

Then talk about how do you implement some of that unstructured data, looking at social media influencers, talk a little bit about racing data and how do you identify that and really walk through somewhat of an exercise of, "How do I understand what data I have and what can I exploit?"

Then wrap this up with some key takeaways.

I wanted to start with a quote. I think this is pretty appropriate. "Big data is like teenage sex. Everyone talks about it. No one really knows how to do it. Everyone thinks everyone else is doing it, so everyone claims they are doing it."

Having worked with a lot of Fortune 500 chief marketing officers, that's the chatter that's taking place there. I thought it was appropriate.

It's across the board that people are just — "I know I need to be playing in this space, but I'm not sure how to dip my toe in the water."

I think at the end of this session, you guys will have some actionable insight to be able to take back. Again, if it's just starting small, dip your toe in the water. That's my message at the beginning. That'll be my message at the end.

We talked about this earlier on. This definition is identical to what was presented earlier.

I did add a graph here.

Essentially, big data is really the combination of high volume of data — you define that in terms of megabytes and petabytes and Exabyte's and yottabytes — combined with the variety and the velocity, the speed of which, how that data comes into the system.

It's really those two things. I presented a graph here to help you understand as you move up the continuum, what's involved as you get into the big data space.

Just a frame of reference, and this was covered somewhat earlier today as well, at what point is that threshold of big data? At what point am I residing in that space?

It's essentially when you get into the world of petabytes is where you start to encroach into the big data world.

Just to give you a frame of reference there, it's roughly 160 million novels. It's hard to get your head around that type of data.

As you move south on that, you get to Exabyte, which is 3,000 times the entire content of the Library of Congress. It's just enormous amounts of data.

Then you get into zettabytes and yottabytes.

I just want to present an additional frame of reference beyond what was presented earlier to give you a sense of how big this space is.

We also looked at the four V's today. I think this was worth including here as well. Again, it's what's driving this big data. It's the tremendous volume.

It's the velocity and the speed at which this data is coming in, which is hard to ingest. It's happening very quickly, and its huge volumes.

It's about the uncertainty of the data. How reliable is this data? Then we've got the whole thing around variety.

I'm gonna talk a little bit about structured versus unstructured data. The four Vs is something you'll want to keep in your back pocket and remember, particularly as many of you are getting approached by vendors who are trying to sell big data services.

Then again here is another different look-see of what happens every minute. This is a little bit dated. It's probably about eight months old. Eight months in this space is an eternity.

You can just get a sense of — and this is just — these are just eight pieces. This doesn't even talk about the different devices that are included here.

Many of us in here, or most of us, my guess would be that we have at least three maybe four different devices that we use on a daily basis.

We've got our phones, our tablets, our laptops, and sometimes we've even got our desktops at home. You think about just the amount of data and then also all the different devices.

A car, for example, has 100 data sensors all by itself. Data is just everywhere.

Every street corner's got a video camera. Every store you go in has a video. Tremendous amounts of data are being generated all the time. The last figure I heard is every 12 to 18 months, the amount of global data doubles.

It's gonna continue. It's gonna continue to grow.

This iChart is intended to be exactly that, an iChart. This chart as well is — and you probably can't even read it, but this is also about a year old, probably about eight months old.

It's not nearly comprehensive. It is just a snapshot, but you can see, again, in terms of generating data, these are all the social media.

These aren't necessarily social media sites, but they're services, they're Facebook apps, they're Twitter apps. Just to give you a sense of everything else that's just generating all kinds of data.

Then just another look. This is completely separate. This is the marketing technology landscape; very, very different than the social media. Again, large — this is not exhaustive, this is just a snapshot.

Again, I apologize for it being in an iChart, but I think it serves the right purpose that there is a lot going on in this space.

Here is an area I didn't hear covered today. In talking to some of the vendors, I didn't hear them talking about it either. It's the concept of structured versus unstructured data. Essentially, there are two different types of data. You could argue that there is a third that might be semi-structured, but I think for this conversation two — structured and unstructured—is a good definition to understand the types of data.

Structured data really refers to information that resides in a traditional row-column database. Excel is a perfect example of that. Unstructured data is essentially the opposite of that. It's everything that does not reside in a typical row-column database.

One note that I want to point out, and I'm gonna come back and talk about this a little bit more, is 90 percent of a company's data is primarily unstructured, which means that 10 percent of their data, unless they've got a big data analytics tool that can structure that unstructured data, only 10 percent of it is usable.

You think about you've got a dollar invested and really only ten cents of that is working for you. I don't like those returns. We'll talk a little bit about how you deal with unstructured data in following slides.

Again, here is just an example of structured data. This is taken from an industry spreadsheet. Again, it's essentially an Excel document.

Data is stored in fields. Then defining a little further unstructured data, these are things like social media sites. These are videos. These are audio files. These are emails. These are things that are, in many cases, very difficult to extract data from.

Again, this is the 90 percent of the data that most companies can't get their arms around, can't leverage, and can't exploit.

If I want to drive home a couple of key things to remember in my presentation, it's really, "How do I get at that 90 percent of unstructured data?"

How do I turn that into value for me?

How do I ideally correlate that and understand the relationships between that data and what I've got in a structured format?"

I'll talk about that in a little bit as well.

How do we bring this all together? Today there are systems that can structure the unstructured. They can create relationships and correlate data. It's not just correlating data within social media analytics, but what's the relationship between the social media chatter and what's happening at my facility or in a particular race or related to a particular horse?

Thousands and thousands of rules can be created in these types of platforms.

Really the key takeaway from this is there are systems that can structure that unstructured data.

Then how do you really correlate that data with all of the other data that you have in addition to being able to get at those disparate sources of data?

For some of the operators that are in the room, you've got a finance platform. You may have something in the racing office. You may have something over in the media department.

How do you get those things to talk to each other?

How do you structure a lot of that unstructured data?

How do you understand all of the relationship opportunities between them? That's the big idea.

I think my takeaway would be — is understanding what platforms are available for you guys and the industry to utilize.

Just a little more on unstructured data.

I have no horse in the race, so to speak, but my experience has been with software, like Hadoop. It's one of the industry leaders first to come out with what's called an NoSQL type of database.

Actually, it's not a database, but a NoSQL type of software.

I'm most familiar with the Oracle and DECA. Both of those can process unstructured data and structure that data. I've used those. I can endorse those.

Beyond that, I don't have any other experience other than those two. I can just speak to those.

Then you talk about data integration tools. How can you combine that data with data from disparate sources?

I talked a little bit about that in the last slide. Then also search and indexing tools. How do you extract that data from unstructured sources and be able to

structure that data? Those are a couple of different ways to do that. Again, some of the software that I'm most familiar with are Hadoop and Oracle and DECA. They can really bring everything together.

There is a small chart there in terms of reiterating that 90 percent of data is unstructured.

Again, my message to this group would be, "How do I get after that unstructured data?"

How am I able to structure that and extract value from that?"

We talked a little bit earlier today in one of the presentations about data visualizations.

I hate getting reams of Excel reports. Besides it being an eyesore, it's just exhausting.

The ability to put this into something that I can picture, that's a picture for me that I can visualize.

This is really gonna be the wave of the future, the, "How do you pull this all together?"

This is fully customizable to a client's requirements. Multiple formats for multiple needs.

These are things that you can establish rules on and simply re-run the data as needed. You don't need to continue to recreate what's going on. You can simply just re-run it.

Visualization is really important to help folks get a handle on, "How do I understand what's going on here in a visual way?"

I'm gonna jump here to social media influencers.

Many of you are familiar with that, but in terms of really understanding who your target is and being really efficient with your marketing spend.

Really understanding your influencers is — it's just smart marketing. Who is an influencer? It's one who has the most followers, can influence others very easily, is willing to create and share content.

Obviously, the benefits of identifying them is it leverages the third party credibility, people are more likely to listen to people that influence them versus the entity itself talking about how great it is.

There is value in that credibility of third party and others. Then in terms of how do you — well, how do you identify them, I'm gonna talk a little bit about the Cloud scores and how they're available to measure the influence of someone in the social space.

The Cloud score, many of you might be familiar of that.

It's basically a digital service. It uses social media analytics to understand a person's online influence. This is at the individual level.

It also helps understand who their followers are. Birds of a feather tend to flock together. If you can understand who your major influencers are and who follows them, again, it's a good marketing strategy.

It's highly efficient in terms of spend.

What does Cloud measure?

It really looks at a multitude of data points, not just within Cloud itself, but across Twitter, Facebook, Google, and LinkedIn.

It really blends those together to come up with a Cloud score.

Here is just an acronym that I found, READ.

When you're considering identifying media influencers and setting up a program, it, again, understands the reach.

How likely is that person to reside in that space and to talk about your message? In terms of engagement, how likely are they to engage?

How closely do they align with your message? Then data, how likely are they to want to share that?

That's just something that I came up with. It's easy to remember in terms of, "Well, what are the key points that I need to consider as I'm looking at identifying social media influencers within my relevant space?"

As you look at how do you create KPIs for the influencer value, again, I'm not gonna go through this list, but there is a whole slew of them.

This is just, again, a short list.

The value here, again, going back to some earlier slides, is how do I ingest some of this data? How do I understand the relationship of sentiment to my race card, for example?

It's being able to really ingest structured data, unstructured data, and be able to correlate and understand relationships between the data.

Again, that's gonna be my key takeaway. I'm saying it again. I'll remind you at the end, because that's the big idea.

That's where the information is going to jump out at you. What's interesting is you will learn things that you hadn't even thought about asking. That's where the exciting part comes in.

Many of my clients, when they start to talk about big data analytics, an exercise that I have them do is really, "Let's walk through.

What are all the different data sources that you have or that you think you have?" Let's have that be as a starting point.

I laundry listed here just a few. There are many, many more. Some of these are structured. Some of them are unstructured.

Again, to those of you that are looking to get into big data analytics or to expand your current state, it's a good exercise to really sit down and laundry list what you think you have.

Then challenge your assumptions and ask some other folks. Really laundry list. I think that's a good exercise even before you start to talk with the outside suppliers or service organizations.

As I wrap up my piece, a few key takeaways and a couple more that I'll add, marketing analytics is going to be the primary driver of business growth going forward. Period. It just is what it is. It simply can't be ignored.

For those of you that aren't playing in the space now, like I said earlier, dip your toe in the water. Start small. Just get in and do something.

Unstructured data is gonna reveal new value and actionable insights.

As you guys meet with vendors, as people approach you and say, "Hey, I've got a big data analytics tool," I would encourage you to talk about two things with them.

One is, "How do you handle my unstructured data? What does your tool do for that or can it do for that?" and, "How do you manage the disparate data sources that I have all over my operation, not just on-site but globally?"

I think those two things is gonna help you vet out a lot of vendors, because there are tools that can satisfy that for you. You should really exploit that.

Just wrapping up here, is operators really need to take a long view. I know there's a lot of looking at, "What's my payback horizon?" A lot of this stuff is gonna take some time. The industry has missed a few generations, I think as we all know, from a marketing standpoint. Starting to invest in big data, it is an additive approach. The more data that you start to collect, the more valuable that data becomes over time, because it continues to build upon itself. It is a long-term strategy.

This isn't a flash in the pan or a marketing promotion for a year. It is something that the industry really needs to commit to long term and stick with it.

Ideally, if we can work together and share information, there are certainly some economies of scale and certainly some insight benefits of doing things as a collective group versus individually.

I thank you very much for your time.

[Applause]

Mr. Keith Chamblin: Thank you, Sean. We're gonna leave some time at the end for questions, but we're gonna move right onto our next speaker.

His name is Rob Key. He's CEO of Converseon. Converseon is an award-winning, full-service social media agency. They've been helping leading brands meet their business goals for more than a decade.

Rob also has a varied background in Standardbred racing. I want you to touch on that, Rob.

Tell us a little bit about your involvement with the sport and how you got involved with the USTA.

Mr. Rob Key: Yeah, I know. It's great. First of all, thanks for being here. I know I'm the last one before drinks, which is always a hard thing to do.

I promise I'll go pretty quick, because — not just because I want to get you guys to drinks, but I also have a flight out of Phoenix in a couple of hours. I have a little Z4 out there that will probably get me there.

I want to actually tell the organizers, thanks in advance for taking care of my room and speeding tickets, right?

[Chuckles]

That may be happening to me down the road.

This is actually — this may happen to you sometimes — is I've had my worlds collided.

I grew up in the Standardbred industry. We've had a lot of great horses over the years. We've won a Hambletonian.

We have far too many mares sitting in farms in western Pennsylvania. I moved out of that, went to New York, went up the agency route. I was at Young and Rubicam.

I was a member of the WPP.com board, which owns Ogilvy and a bunch of other — the largest conglomerate for advertising.

I left there in 2001, because we recognized that there was a complete transformation happening in marketing where these technologies — and if you think about 2001, things like geocities where people were starting to talk to each other.

In the world that I lived in, it was all about 30-second spots of 1-minute spots. Heavy advertising and throw it on television, of which maybe two percent of the people you're talking to are relevant to what you're trying to do.

Social media really was a problem for these large organizations and these large ad agencies, as they are today, because they cannibalize their margins for buying essentially advertising in media and doing traditional television.

Converseon, now, we help large organizations transform around social. I'm gonna talk a little bit about digital marketing, but this is also more than just, "Are you on Twitter? Are you on Snapchat?"

This is how do organizations transform around these technologies and around this social conversation?

We help clients like IBM and Twitter and others help drive this thing forward.

I just want to take a step back and go back to the point that Sean made that there is this huge, immense conversation that's happening that's vast — millions and millions of conversations going on all the time.

I'd be curious. How many people here are on Twitter? Snapchat? A couple. Oh, no Snapchatters.

I promise you I'm not gonna talk about all those little tools and things, because platforms come and go, right?

I think we all get caught up sometimes in what's the new technology that's going to come around the bend. Is it Instagram? Is it this? Is it others?

The reality is that these platforms are going to continue to evolve. What's critical though is if you just think about the fundamentals of what we're trying to do, the thing I love about social media is that it goes back to the way humans communicate, right?

The first thing you do is you figure out, "What are people saying?" You have to listen.

Now we have tools and technologies that listen at vast scale to what's being said, sentiment, opinions, topics, issues, *et cetera*, across all these things. You listen to what's being said.

You figure out what you're going to say. You say it. You see what the impact is, and you do it all over again.

The thing is, you have to do it at scale. I'm going to talk a little bit more about how you do this at scale and some of the work we've done with the US Trotting Association, because this is where my world collided is that I ended up speaking at a conference and Phil Langley, who is head of the USTA, came up to me afterwards and said, "This is what we need to be in our sport."

I give the USTA great credit, because change is painful. Change is scary. I think we all, as an industry, are afraid of change and transformation. We're cynical about it, but these are the steps forward.

There is a lot more to do, but I'm gonna talk to you a little bit about what's been done.

The critical thing about social media, why it's become so powerful, and why companies like Unilever and others are changing — moving budget from their traditional stuff into social and digital media, is because it's essentially word of mouth, but it's word of mouth being turbo-charged.

Because these platforms, all of a sudden you can have these conversations that scale to hundreds and thousands of people, right?

This is a simple slide that Forrester Research did that shows people don't trust advertising, traditional advertising.

They trust their friends. They trust people that they know. They trust influencers.

We're now able to connect and drive word of mouth about the sport through social media conversations.

In social media, one of the tenets is you simply say this — you actually take people who you love or who love the sport, and you make them influential. You build a lot of visibility for them.

You take people who are influential in social media, and there are a lot of them who have their followings, and you turn them into advocates for the sport.

We've been working at doing both. Converseon has a technology around social listening where we listen to these global conversations in real-time and we do sentiment analysis and topics, *et cetera*.

I simply pulled for this presentation, in English, global, the volume of conversations that have been happening.

You can see where we are versus some of the other sports.

I mean, we're being dwarfed by the Super Bowl, the World Cup. Thoroughbred racing and you can see where harness racing is there.

The reality is these conversations can make and break brands, because this is where opinions are formed. McKenzie, I think a friend of some of the people here, have a statistic that says 86 percent of people online are looking for ideas about products and services and entertainment from their friends, right?

Infusing ourselves into these conversations and driving these conversations are a critical part of what success looks like for this.

The good news is horse racing over the past year is gaining buzz. Thoroughbred racing was up from 2014 to 2015 by 36 percent. I mean, a lot of that is actually being driven by — I mean, there were some great stories last year, right?

Harness racing is up 28 percent, which is great.

You look at sentiment and other things as well, but — well, we actually looked at sentiment. You can see what people were saying.

Are people expressing positive opinions or negative opinions? What's so cool about this data is we can get into these conversations and see exactly what they're saying and what they think and what they feel and what their unmet needs are.

Social media success, if we're limiting to, "Hey, we're on Twitter," and we have this many followers, *et cetera*, we're really stunting ourselves.

What we really need to be doing is infusing this intelligence into our operations, because people want to become part of the brands.

The brand isn't out here. They think they own the brand. How do we bring all that intelligence, all this listening that we're doing, and we improve products, we improve services?

It's the best focus group you've ever seen and it's massive. It's multi-language. This is what we need to be doing.

We're looking at Thoroughbred racing and we're looking at harness racing. Then we can drive down simply what's driving the conversations?

What are the topics? Well, obviously, there was a lot of positive conversations, but there's a lot of negative conversations with corruption, animal cruelty, and other things as well.

We need to triage these conversations and engage with them.

The NTRA, I think, has been engaging. The USTA has begun engaging. You have to take your — what we say in reputation management is there are two types of detractors.

There are the reasonable detractors who just maybe don't quite understand everything, but they dislike you. You can probably peel them off if you actually show, "Wow, these horses are actually really taken care of well. People actually love their horses."

You have determined detractors who are just going to hate you anyhow.

The reality is we have to isolate the determined detractors and keep them out of conversations and peel off these reasonable detractors.

The only way you do that is through engaging in social media conversations with them. We have the tools to do it.

These are topic discussions, and I'm not going to go through all this now, but this is the level of analysis that we have the capability to do, which needs to form the roadmap for your digital and social strategies overall.

Does anybody have a real-time social listening platform that they're using currently right now? It seems like from Salesforce or others here have one. I'm sorry? Okay. Fantastic.

I'm going to offer to all you guys, we will give you free streams. It's a SAS platform. You can go online, we'll give it to you for 30 days for free. You can see real-time conversations. You put the terms in that you're looking for and

you can see what's being said in real-time. It'll have sentiment, who the authors are, how influential the authors are.

I just want to do it, because I think you all need to taste that. Because it's not used for, "Hey, let's do this for better marketing," it also tells the type of content we need to create.

It's also used for customer service. People are complaining about something. It's really the genesis of everything that we need to do as an organization.

One of the things we've found through all this analysis was we dove in deep for the USTA, and understand, there was never a segmentation study. Nobody really understands who the audiences are for the trotters or for the Standardbreds.

We dove in and one of the interesting findings was the PGA actually did a similar study about a year and a half ago, and they came back freaked out, because they thought they found that only 20 percent of Millennials — of their fanbase, only 20 percent were Millennials. They're like, "We're gonna lose an entire generation."

We found, with harness racing, that we're at ten percent. That should be setting off sirens and signals and everything else around this to urge us to, "How do we reconnect with a generation that we're close to losing?"

Actually, it's through social channels, *et cetera*. In 2003, the USTA said, "Hey, let's start to do this. Let's take this effort on. Let's start to drive transformation led by social media," because the wonderful thing about social media, when there is a change in technology like we're going through, there are opportunities for those who can seize on it and move on it and take advantage of it.

If people would come to me in 2007, and say — well, maybe not in 2007, 2005 and said, "Hey, how do we drive consumer visibility and positive awareness of the sport?" You better be prepared to spend a lot of money on television, which we just simply don't have that kind of money, right? You have to take advantage of innovation. With good foresight, this is what these guys did.

The strategy really falls into this is a continuous journey. That's the other thing we have to repeat over and over. We spent 50 years missing the marketing boat.

To pull ourselves out of that hole, we better sit there and sustain and build this. This is a multi-year effort.

The first year we had to actually build a foundation. Before you can do any of this stuff, you have to have the key assets in place so that you can actually

— you have to build the car and put the transmission in before you can start to drive it.

This year, we built that, and we want to show you a little bit more about it, and start to go direct. We start to use these channels to go direct.

One of the big ideas, we're an over-the-top channel just reaching out to people more directly so they become potential loaners, *et cetera*. Then we're about scaling and monetizing next year.

We initially did listening and we did the assessment of what was going on. I probably think this reflects all breeds. There was little industry collaboration. All the tracks were at odds with each other.

If you were a fan — and this is a critical, I think, way to look at things as well, too — you have to think about the consumer experience.

What we think about is what is the consumer experience to lead us to what we want them to do. Well, they'll sometimes start online. They'll go to Google.

They might hear from a friend about this thing called harness racing. They'll go to Google. They'll look at what's there. There are all kinds of industry websites. You go to them, and it's like — unless you really know what the sport's about, it's inside baseball.

I mean, they're good websites, but they're not really there for the casual potential fan.

If you went to Facebook, there are 300 communities that are all about harness racing. There were about 20 to 30 to 100 people in there.

We just had people confused, right? The biggest challenge in many ways is that trying to appeal to the industry to recognize that we are all one brand.

We may have different race tracks, but it's a rising tide raises all boats. If we all contribute to building the brand — the harness racing brand, and I would go further and say the horse racing brand — everybody will benefit.

Because, while we in this room may think of the differences between the breeds, consumers don't really see it that way. Not the general consumer.

The general consumer sees a horse racing brand.

There are sub-brands.

There is Harness racing.

There is Thoroughbred racing.

There is Quarter horse.

We need to start from that perspective. It's a different way of looking at the world than I think a lot of the racetracks look at it.

It's like this track versus that track versus the other.

We had to get them to — not just the USTA stepping up to the table. We needed to create a federation where various entities and horsemen groups would also pool their money and recognize that there are greater efficiencies to be able to work together in collaboration than doing everything individually.

If you are a P&G or IBM or any other organization and you want to do this at scale, this has to be from the inside out.

The USTA, working with us, has adopted a social capability architecture. Again, this is what other large organizations are doing.

We all think it's about Twitter or creating a cool piece of video. This is the foundation of everything; it's people, processes, and technologies. It's the policies. It's the analytics.

How do we measure success? How do we do the listening? How do we train people? How do we build a digital infrastructure so that people are sharing the right software tools? How do we do this at scale?

Otherwise, you're simply throwing rocks in the pond.

There's a little bit of a ripple, then it ends again.

To do so, what we actually recognize is we had to get out of our echo chamber, because there is social conversation, but everybody was talking to each other.

This is Facebook data.

What we actually found through looking at this is that the core harness racing fans were about 80,000 to 90,000 fans in North America.

We believe and extrapolate there were about 200,000.

Now, what's great about Facebook and Twitter and everything else is people say, "Hey, I'm really interested in XYZ," right?

Unlike television, you actually know what their interests are. It's the beauty of why Twitter and Facebook stock is where it is today.

If you go out another circle in the bullseye, there's about 4 to 4.5 million people who say they are horse racing fans.

If you go out another level of people who are into sports betting and fantasy sports, there's eight million.

If you start looking at it this way, there are huge affinity audiences that we could be tapping into if we can actually target the media and reach out from our own little echo chambers.

That's what led to, initially, building a couple different digital assets.

Because, first of all, the sport didn't even look like a major league sport in the digital world.

We actually built something called the harness racing fan zone. It appeals to the upper part of the funnel, people who are casual fans, "Hey, send them to the fan zone."

They might potentially be interested. We built a mobile app. The fan zone is really cool. It has a lot of live stream conversations of fans.

It's supposed to be more — think about more *People* magazine than industry news.

It's actually interconnected with all a bunch of the other social platforms; Facebook, Instagram, Pinterest, *et cetera, et cetera, et cetera.*

Think about the hub and spoke model. We're the hub, because we have stuff everywhere, right? This is a hub where we're converging all this content together.

We have spokes out to all the various racetracks. We're finally sending to people — we have a center of gravity for all our efforts.

As part of that, we also created a social ambassador program. How do we do — when you don't have a lot of media dollars, we call it the Tom Sawyer of marketing, the Tom Sawyer school.

We get people to paint the fence for us. What we do here is — and this is expandable — is the people become ambassadors.

If they Tweet and if they post and if they post a photo, they get points for it all.

They can redeem their points for various things. They could get a mug or a bobble head.

Working with the racetracks, they could get a tour of the paddock, *et cetera*, *et cetera*. We're actually mobilizing this army of individuals who have interest to give them social rewards to be able to become our advocates and our ambassadors for our sport. This is really powerful.

The Major League Baseball has a fan cave.

The NFL has something similar like this as well. We now have the assets, the digital assets, that are required to be able to go forth as a professional sport, and then do some things that are interesting.

We did something much more targeted for owner recruitment.

Using all those techniques in terms of targeting, we were able to actually find people who are individuals who are interested in becoming horse racing fans, capture their information, and then start to send them information to become owners.

We also created a bunch of social-friendly content.

The results so far, obviously, we've had the online buzz about social conversations. It doubled from 2013 to 2014.

It grew an additional 40 percent in 2015. The impressions of the sport also doubled from 2015 versus 2014.

We have 18 million impressions of the fan zone so far.

The Hambletonian, the centerpiece of the sport, grew 100 percent. You can see we're reaching younger audiences.

Notably, 52 percent of the conversations are women. We talked a little bit about that today, right? Versus men.

I'm going to end this, because you've heard a lot. I'm going to send this with a video, which manifests everything that we're saying. I would say the research shows that one of the things that really connected to people were nostalgia, the history of the sport.

Also, how do we tell the story of the sport in five minutes, and take all these people who are potential fans through that journey and make it contemporary and get them excited about the sport?

You have a five-minute video to watch to end this. Maybe it'll add a little energy to go off to drinks. With that —

[Video playing]

[Applause]

Thanks. One thing I'd simply add, that's been viewed 500,000 times with \$1,000.00 media budget. I do have one advocate thing to advocate. It's back in my presentation, but I would simply recognize is the network effect.

What I would advocate for this sport is to come together and recognize that there are great economies to scale and synergy by creating centers of excellence that share best practices, processes, learnings, and other things as well.

There is folks here from Hoosier Park and others who are doing great work. It's the network effect. It's every new entity that comes into a center of excellence to bring economies of scale adds exponential value.

Whether we're Thoroughbred or we're the Standardbreds or others, we have one brand. We need to nurture the brand and grow the brand.

A center of excellence is one guiding way that large organizations actually make it happen.

I would advocate we do something similar here. Thanks.

[Applause]

Mr. Keith Chamblin: Thank you very much, Rob. We've got time for just a couple of questions. If anybody's got a question for Rob or Sean, come up to the microphone and ask it. We'll make these presentations to you.

You heard Rob's offer. We'll make sure if anybody's interested you can email me or Doug and we'll get you Rob's information so you can take advantage of their offer.

Audience Member: I'd ask one question just to get it started. That is, Sean, you mentioned Hadoop, Oracle, and DECA software programs like that. Of course, both of you have agencies that you work with clients, big and small, I'm sure, varying budgets.

For a racetrack operator or an organization who wants to dip their toe in the water, where do they begin? How do they get started? Is it with software?

Many of us are leery about — we don't want to hire a consultant. We don't want to get a hefty retainer going on a monthly basis. We've got limited dollars, but we know that we've gotta move away from more traditional

media into this new area, big data. We want to dip our toe in, we just don't — we don't know how to get into the water.

Mr. Keith Chamblin: Sean, maybe start.

Mr. Sean Frisby: Well, I'm gonna actually defer to — given what you've done with the harness group, I think there's a lot of best practices there. What are your thoughts?

Mr. Rob Key: Well, I think we need to start with — look, I think we need to start with social listening, but I would go further.

I think one of the big challenges we have is one of the members of my team actually is a former chief research officer at the Advertising Research Foundation, which simply means he worked with a lot of big brands in creating measurement frameworks that aligned to what the key performance indicators are.

If you ask ten different people in the sport what success looks like from metrics, you get ten different answers.

One of the things that I would really advocate is that we come together as a team and you look at building a measurement framework that looks at outcomes, looks at inputs, and looks at ways that we can actually become predictive with our data.

You have companies like Unilever who are actually using social buzz to predict sales.

We can start to do the same thing for our sport, 'cause the data exists. You have to agree on what a measurement framework looks like, and you gotta agree what success looks like.

Some people, it's pari-mutuel betting. Some people, it's new owners. It's many different things.

If we can agree on that, the data will tell us what we're doing right and doing wrong.

Everybody can get on-board and we can make adjustments as we move forward. That's central to everything that I think we need to do.

Mr. Keith Chamblin: Sean, anything to add?

Mr. Sean Frisby: No. That's a great answer, is how do you define success?

What are those KPIs? 'Cause, again, that's gonna drive your action and also becomes a roadmap for, "Did we achieve this success?"

I would fully agree with those comments.

Mr. Keith Chamblin: All right. Seeing that it doesn't appear we have — I don't see any hands up for questions.

Oh, we have one right here. If you step up to the mic — either one.

Audience Member: Insane presentation. Really good.

Mr. Keith Chamblin: Where are you from? Tell us.

Audience Member: Oh, San Diego, California.

Mr. Keith Chamblin: Your name?

Audience Member: Bryan Bloom, Bloom Racing and Bloom Squared. We're an investment company.

Mr. Keith Chamblin: Great.

Mr. Bryan Bloom: We also race. The question I had was — I read this book and they talked about why would anyone spend so much time contributing on Wikipedia? It's free.

I mean, it's a free source, but it's the number one source. It's all done by people who are experts, right? You don't get paid for it. You don't get a mug.

You don't get anything, but people continuously build it.

I was wondering — it's a two-part question. One is the fan zone that you built, kind of similar, and the reason they said people do it with Wikipedia is that forever you get to see your name in lights.

That's what it's all about. You don't want a mug. You want, "I did that. I edited that." I'm just curious if you were going down that route.

Mr.

Rob Key: People are driven by many things in social media. I don't know if anybody studied psychology, there's the whole Maslow concept of people do things for mastery or recognition and other things as well.

People will do amazing things for you for social recognition.

We have people in the ambassador program that are collecting points because they're so proud that they have more points than anyone else.

Mr. Bryan Bloom: Exactly.

Mr. Rob Key: I think you need to tap into those things.

That's another thing, people have a passion for this sport. They want to belong to it.

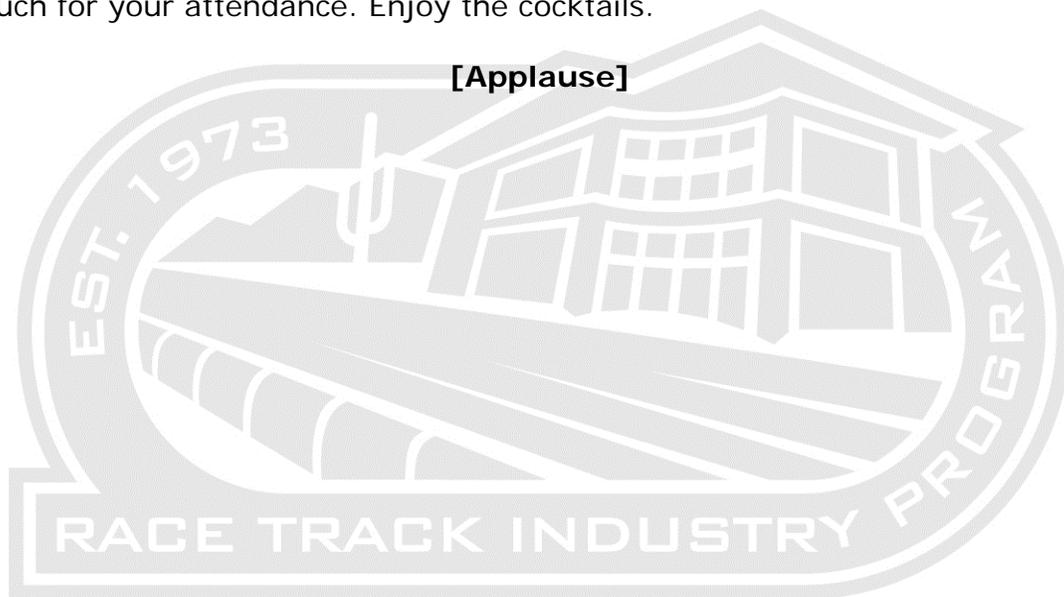
Give them vehicles for them to feel that they're part of something bigger than themselves, and it'll be amazing the types of transformation you can do.

Mr. Bryan Bloom: Thank you.

Mr. Keith Chamblin: Anyone else have any questions?

All right. Well, another round of applause for Sean and Rob. Thanks very much for your attendance. Enjoy the cocktails.

[Applause]



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