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**Mark Kaufman Workshop presented by the Turf Publicists of America
Legalized Sports Betting Opportunities – How Can the Industry’s
Marketers Create an Upside for Horse Racing**

Moderator:

Brian Skirka: Marketing Director, Monmouth Park Racetrack and Sports Book

Speakers:

Michael Grodsky: Vice President of Marketing & Public Relations, William Hill US

Christopher Larmey: Chairman, NHC Players' Committee, The National Thoroughbred Racing Association

Jeff Lowich: Sr. Director Retail Ops. & Industry Relations, TVG Network, Betfair US

Ms. Wendy Davis: Again, thank you, everyone, for being here. I'd like to thank Daily Racing Form, our sponsor of this panel session.

This is a session that's really special to all of us. I think there are probably still some of you out there who remember Mark Kaufman.

This workshop is presented here at the symposium each year in memory of Mark Kaufman, who was so much a part of the Turf Publicists of America. What I'd like to do is just go ahead and turn this over right away to the moderator of this session. I think it's gonna be wonderful.

Brian is right here and will lead the discussion. Since we're a little bit late, I'm gonna jump off and let you guys get started.

Mr. Brian Skirka: Thank you very much. We're all happy to be here. On behalf of all of us, thank you to Rhonda and the TPA for having us here.

I do think it's gonna be a very interesting discussion, sports betting. I know there's a few panels this week on the topic of sports betting and racing, this being the first one, and I think we have an interesting dynamic up here to talk about it.

My name is Brian Skirka. I'm the director of marketing at Monmouth Park Racetrack, and as of five months ago, the Monmouth Park sports book by William Hill.

Michael Grodsky to my left is the VP of marketing for William Hill.

Jeff Lowich is next. Jeff is the senior retail — senior director, excuse me, of retail operations and industry relations at TVG Betfair FanDuel.

Then Chris Larmey on the far left here, Chris is actually a player. He's a horse player. He does bet on some sports as well. Chris is the chairman of the NHC Players' Committee, NHC being the National Horseplayers Championship, a horse racing handicapping contest tour run by the NTRA.

I think it's an interesting dynamic of Michael, more from a sports side, has worked in Vegas with William Hill for many years. Jeff and I actually used to work together at Monmouth Park a few years back. We're more on the racing side now getting into sports.

Then Chris as a player to look into the eyes of a player what may be some similarities between a sports player and a racing player. I think we have a good panel here. I think, to start, maybe since — especially since we're the first sports betting panel of a few days, I just wanted to start maybe with a little background information on sports betting as a whole.

Obviously, we know what sports betting is, but maybe, Michael, if you can just take us through your expertise in Vegas. Prior to this year, prior to the Supreme Court ruling, what did sports betting look like in this country? Where was it offered? What kind of bets were offered? An idea of the market side of sports betting before this year.

Mr. Michael Grodsky: Yeah. Absolutely.

William Hill in Nevada, we've offered — operated 108 retail sports books prior to the Supreme Court decision as well as a mobile sports betting app.

In Nevada, there's two ways to place a wager. You can go into a casino. Non-restricted casinos have sports books in them, and you could place a wager either over the counter or through a kiosk. Then additionally in Nevada, you can sign up over the counter, register inside a sports book, on-site registration, and then get a mobile app account that you can use throughout the state.

The Nevada market overall is about — sports bet market is about five billion a year in handle, so great market there with a lot of growth over the last couple years, very exciting. Customers in Nevada can go ahead and wager on anything you can imagine that happens within the play of field during a sporting event. Pro football, college football, basketball, baseball.

The biggest phenomenon in Nevada sports betting over the last couple years in addition to mobile wagering has been in-play wagering which allows you to get on the game during the event.

We've seen just huge growth in that in the last couple years. That's an opportunity for all of us as sports betting goes into new markets to help educate customers on that. In

addition to Nevada before the Supreme Court decision, in the state of Delaware, William Hill is the risk manager for the Delaware Lottery where, prior to the Supreme Court decision in Delaware, you could bet parlay cards on pro football during the pro football season, and that was great. Now Delaware is full-service sports betting for everything there.

Mr. Brian Skirka: Yeah.

In the grand scheme of things, sports betting, other than in Nevada and a few other places, that's all — that's the only spot that it was up until this year when, as we all know, everything changed. May 14, 2018, the United States Supreme Court ruled that PASPA, which is the Professional and Amateur Sports Protection Act, violated the Tenth Amendment of the Constitution, and therefore allowed individual states to decide if they want to offer sports betting.

The ruling didn't actually make sports betting legal across the country, but it did let the states have the opportunity to take it upon themselves and have their citizens vote to see if they want sports betting in the actual states, which led us to June 14th. The Monmouth Park sports book by William Hill actually took the first legal sports bet in New Jersey, and now five-plus months later, there's nine brick-and-mortar retail sports books in New Jersey: Monmouth Park racetrack, Meadowlands racetrack, which is run by FanDuel, and then down in Atlantic city as well.

Jeff actually is very involved in that sports book that's run by FanDuel at the Meadowlands. Jeff, maybe you want to take us through now, following the Supreme Court case, what does sports betting look like in New Jersey, especially at the Meadowlands and FanDuel's book?

Mr. Jeff Lowich: Sure. Yeah.

We opened at — FanDuel sports book at the Meadowlands on July 14th. We have tens of thousands of markets every month, thousands of in-play opportunities, as Michael was saying.

That's really been a surprising aspect, how popular it is with American sports bettors, the lines during baseball games to make bets, the lines during college football games to continue to play after the game has started, when that's something that we never really thought American customers were used to, but once they really got the opportunity to do that, they've really shown an affinity for playing in-game. That's been a big source of growth for us too at the FanDuel sports book at the Meadowlands.

Probably about 20 to 25 percent of our volume has been through in-play wagering. We have every type of wager you can imagine, like Michael was saying. Every sport.

The only thing you can't bet on in New Jersey is college teams that are located in New Jersey or college games that take place in the state of New Jersey.

Other than that, we have pretty much everything, teasers and parlays and round robins and prop bets and future bets and pretty much everything you can imagine, including loads of in-game wagering opportunities.

Because we are FanDuel, we do have fantasy wagers as well saying that this player's gonna score over or under this number of fantasy points, based on the FanDuel scoring.

We have 28 windows at the Meadowlands, which is a lot of windows for a sports book. To be honest, we could probably use 50 or 60 on a busy college football Saturday. We'd still have lines there, but they'd be significantly less than they are now.

Some of the other interesting things that you see throughout the week that I wasn't really expecting coming from the racing world would be the number of people that come in on their lunch break to make bets and go back to work.

That's been really interesting to see. We get a lunchtime rush, and I think you guys are probably seeing the same thing down at Monmouth. Early mornings, we open at 7:00 a.m. on Saturdays and 8:00 a.m. on Sundays. We've got lines of people waiting to get in at that time to either cash their tickets from the night before or make bets for that day and then go home and watch them.

Monday and Thursday Night Football, obviously, as expected, has been huge. Big crowds on those nights. Even bigger crowds on Saturday night fight nights, like just last weekend, the Fury and Wilder fight. The entire building was basically packed. If you pull up our Twitter page, you can see some videos on there and just see how crowded it is, how many people there are there.

During the 12th round knockdown, the place erupted like you were in a stadium, and you're at a sports book. It was great to be there and see that.

Thanksgiving, crazy busy for the three football games. We opened a little bit late that day, and we had a line of 200 people waiting to get in at 10:30.

Mr. Brian Skirka: I know at Monmouth, we — I don't think ever in the history of Monmouth Park, not in the 13 years that I've been there, we never — Thanksgiving is one of, I think, the three days a year that we didn't open for simulcasting.

Now, this year with the sports book, we were open for football and any other sport that was going. I actually stopped to make a racing bet on my way to my family's house for Thanksgiving, not knowing what the crowd would look like on Thanksgiving 'cause it's not something that anyone ever associated with, and the sports book was obviously crowded, but the racing section was just as crowded.

I was pleasantly surprised that — I think Gulfstream, Aqueduct, Churchill were running that day, and the interest in the racing was right on par with sports, which I thought was good.

Just to echo Jeff's point about the lunch break is something that we didn't really expect that we see. Where our corporate offices are in Monmouth, we could look pretty much onto the path where the people walk in through the sports book, and we stop every day and look.

You see obviously it grows during the lunchtime, and then the people that you see, similarly to racing, but it's very diverse during the weekends.

The first person who will walk in will be maybe a lawyer, someone in a suit, and then right behind them, you'll have someone in hospital scrubs that's on their lunch break, and then maybe someone in sweats or jeans or something. You really do see every walk of life walking in, which is something that we didn't necessarily expect.

That leads me into what I was gonna bring up with Chris is, from a player standpoint, and then I'll ask the same question to Michael and Jeff when — so we talked earlier. Chris is, I'd probably say it's fair to say, more of a horse player than a sports player, but experienced in both. I'm sure you have friends that — in both walks. If you had to put out a profile of a sports player and a racing player, what would you put as a profile, and how would you compare the two?

Mr. Christopher Larmey: First of all, I think it's really dangerous to try to over-profile because every player's different.

Typically, on the racing side, I would divide players into two categories. You have the recreational players, which are the vast majority of players, and they're really drawn to the sport partly because the challenge of handicapping races brings some in, but also just having a bet on a race is fun. It increases the experience. They're really in it for the recreational piece.

Also, I think many people, that chance for a big score where you can bet a little and make a lot, that's very appealing to players. They hear about somebody that hits a \$10,000.00 superfecta or a \$100,000.00 pick six. Even though they know the chances are small, that's just an appealing part of the — that player.

Then there's the professional players, a lot smaller or very serious, maybe not — their likelihood might not depend on it, but they wager quite a bit. They're not really looking at it from a recreational standpoint. It's really a business. They're trying to grind out a long-term profit, so they're very price-sensitive and really looking to exploit some market inefficiencies that they can use — make big wagers to take advantage of.

They're a small — much smaller number, but in terms of the handle, they generate the majority of the handle. You can see they're really diverse.

On the sports betting side, I think you will see a similar kind of breakout, although probably today, most of the professional and real serious players live in Vegas just because that's where you can legally wager on sports. They are, again, very price-sensitive, and they're really making big wagers and really trying to grind out a

long-term profit where the recreational players, I think especially on the sports wagering side, are in it just for making it more fun to watch a sporting event.

It's not surprising to me that they're interested in in-game wagers because it's nice to put a bet in, but you have to wait three hours. It's nice to be able to go in and be betting during the event. That's how I would characterize those two.

The way I would contrast it, especially on the sports wagering versus the horse player, is that when you look from one to the other on the professional side, the players are really gonna be interested in price.

When you go on the recreational player, they're gonna really be interested more in the overall wagering experience and the ability to make a big score.

When I look at sports wagering versus horse wagering, I think the big plus on the horse side is that ability to bet a little to win a lot. They are getting more innovative wagers, but they're limited.

There's not the same sort of wagering menu you have on the racing side.

I think that's very appealing more on the recreational side. I think the disadvantage that racing has compared to sports betting today — and it will be interesting to see how that evolves over time — is just from a price standpoint.

Relatively speaking, the cost of a wager is much higher right now in racing, probably not going to come down much anytime soon, as compared to sports wagers, especially Vegas-based wagering that most of the serious players are used to today. That's how I'd characterize it.

Mr. Brian Skirka: Yeah. I just wanted to follow up, Jeff and Michael, maybe more on a demographic side of, what are we seeing?

I'll start with Michael. In Vegas, even before this year and continually now, what does that physical sports betting player look like? We can go to Jeff, and we can see, what does that player at the Meadowlands look like?

Mr. Michael Grodsky: It's a great question, and I think it's one we get asked a lot. I think a sports bettor looks like a sports fan, and it's hard to put your thumb on what exactly a sports fan looks like.

I don't think you can assume by looking at anyone that if they're a sports bettor or not. In Nevada, we run over a dozen race and sports books that offer both simulcast racing and sports, and always surprising or not surprising in how many customers cross over both to race and sports, just like you were saying.

A little bit the opportunity for a sports customer to cross over. For race, it's a great time to hook them during the derby, the big races, the ones that are maybe seen mainstream on popular TV. We may only see them for a little bit during that time, but that's our

chance to grab them and show, look at this great sport. Look at this great industry. Look at the great opportunities to bet a little and win a lot, just like you're doing on the sports side.

Then again, like what we saw on Haskell day at Monmouth Park, folks that were traditionally there every year to bet the races, to be there, to come to your dozen-and-a-half fantastic events that you run that are social events, they were coming over to the counter and asking how this sports betting thing worked because they knew we were offering some products that mixed a little bit of race and sports.

It's a little bit of, you have to assume your audience could be everyone in front of you for both race and sports, so anyone who's coming in, and then take that opportunity when they're there for another big event to introduce them to the new product. I don't think you should ever really maybe put the blinders on a little bit and look at a segment of your population and say, "They wouldn't be interested in race. They're just here for sports only," or another population and say, "You know what? They're just here for sports. I don't think I can convince them to put a few bucks on the races and try to win there."

Mr. Brian Skirka: What do you see at the Meadowlands? I know at Monmouth, we see — again, not to make generalizations, but I think as a whole, we are seeing a lot more younger people as part of the betting crowd at Monmouth.

Mr. Jeff Lowich: Yeah. Just simply looking at the demographics, it is certainly a younger crowd in the sports book.

You're probably looking at an average age of the early 30s. Now, that's not to say — we certainly have younger people. We have guys in their — guys and girls in their early 20s, and we've got — we have people that are a bit older that do a lot of crossover between sports and racing.

The only thing I will say is that whenever we bring someone in for essentially a tour of the sports book — we have several locations throughout the facility at the Meadowlands — and when you walk from one to the other, you walk from a sports book to a racing simulcast to another sports book location.

The comment I get every time is, "Wow. It's a different crowd." It's a noticeable difference, but again, it's not something — like Mike said, I wouldn't generalize and say, this guy's too young to be a horse player, but if you are looking at just simply demographics of the people who are in both locations, there's certainly a difference in age. It's probably a 25-year difference.

Mr. Brian Skirka: I just wanted to give a background on sports betting as a whole. This is a marketing panel charged with discussing primarily, how can we hopefully take advantage of the sports betting boom and move them into horse racing? We'll talk some specifics a little bit later.

To start, the marketing side of it, just generally speaking — I'll let each of you talk, and maybe you can start with Chris and walk down and head this way — do we see sports

betting as an opportunity for horse racing where we have a lot of new people coming in. They're gamblers. Let's take these people and introduce them into racing.

Conversely, we maybe are afraid that it might be a threat, that we're doing the opposite and taking racing people and moving them over to sports? What are our thoughts on that?

Mr. Chris Larmey: I think it's both, right? Anytime there's a big change, it's always an opportunity and a threat, and it's how you deal with it. One way I like to think about this from a player perspective is, all right, if we wanted to market this, what would be an ideal scenario in the future?

Not worrying about all the hurdles to get there, but what would it look like? Pick a target and based on demographics — say I'm a young person, tech-savvy, intelligence and disposable income. I've been playing fan duels for years and had some success, so I'm really into the fantasy sports.

They legalize sports wagering, and now I'm gonna give that a shot. I open up an account and I deposit some money and I start betting. Let's say, okay, now how can we get those people to cross over into racing?

Let's imagine that that person, they have their app on their phone, and they're making their normal bet on a football game, and they see this new bet. It's pigskins and ponies or something. It's a parlay where they've got to pick a winner of a football game and a winner of a horse race.

They're used to fixed-odds wagering, so we present it that way where they'll — they know exactly what they're gonna get for each combination. The cost of that wager's basically the same as it was for the football side of things. They can make that bet from their same account they opened up to do the sports wagering.

They can click on information, and they can get some information about the horses that looks a lot like what they're used to seeing on FanDuel or in the sports wagering side of things. Doesn't cost them anything. It's free, just like it is on the other side.

They can make that wager at home, or they can be on vacation in Florida and make that wager. That's the blue-sky scenario.

Then if you could do that, then — and then also maybe have some educational materials about horse racing and talk to them. "Hey, there's a lot of cool wagers you can do and other pools you can play in. It's really a challenging sport to handicap a horse race."

Appeal to the intelligent tech-savvy kinds of players. That would be great if you could do something like that. Now, if you back that up and think about all the hurdles there are to do every piece of that from fixed-odds wagering to mingling the sports wagering with the racing wagering to the cost of the wagers, big disparity right now between sports and horse racing to the availability of free past performance information to all the legal hurdles of trying to bet sports across state lines.

There's millions of these regulatory legal hurdles that would need to be overcome, but I think you want to keep in mind, what's that vision that you're shooting for? What are those hurdles? What are the risks?

You've got to start playing and addressing those things right away so that as the regulatory framework gets developed in each of these states, it's favorable to enable you to do that because if it's not, you're dead in the water before you even get started. There's nothing to market. To me, keep them — get some scenarios in your mind of blue sky, what it looks like from a player experience standpoint.

Figure out where that you want to be someday and how you get there and what are those hurdles and start trying to address those right away 'cause if we wait to do that, you'll miss out on that opportunity. That's from a player perspective how I think you need to think of it.

Mr. Brian Skirka: I'll skip Jeff for a second and go to Michael just on the topic of — 'cause I know in Vegas, you do some — it might even be called that, pigskin and ponies, where you combine football and racing. How do you do some of that stuff there?

Mr. Michael Grodsky: We haven't done it necessarily in Vegas, but it was pretty fun, what we did at Monmouth Park together was, we offered this parlay card called the grand slam, and we offered it for the Haskell.

It was to pick the winner of the Sunday night baseball game between the Cubs and the Cardinals and then pick the winner of race 10 — I'm sorry — race 10, race 11, and race 12. You had to go four for four, hence the name grand slam.

It was really fun 'cause it appealed to traditional horse bettors, right, to pick the winner. Go back to back to back on three races.

Then it mixed in the element of a pretty even pick — a scenario for a Sunday night baseball game. It was very well received, and it was really neat.

It was a great way to introduce not only the folks in the sports book to, hey, here, pay attention to these races that are going on today 'cause it's a neat different wager to place. It's a great way to introduce the typical horse player to sports betting, right? I know I can handicap the three races. I can figure out the winners here.

Then now I got to look and see what's going on with this Cubs-Cardinals game that's later in the day after the Haskell's over and maybe keep me sticking around all day so I can see what's gonna be the result of that game and see if my ticket pays out.

Mr. Brian Skirka: Conversely, that was Haskell day. That was our biggest day, so we wanted to not only do that to get some of our traditional racing fans who are at the Haskell every single year to come down to the sports book to see that, but we also wanted some of those sports book customers to say, hey, this is our crown jewel of the season. This is Haskell day.

The three races that were a part of the grand slam were our three biggest stakes races ending in the Haskell. We want you as well to, hey, take a look. We had programs in there for free that day.

We might have just had those three races in there that we gave the players. Hey, take a shot at these three races. Plus, the Sunday night game. As Michael said, it was well received. We didn't have mobile up yet, so it was only an on-site option, but it went very well.

That's something that I know we're gonna continue to do, not only some stuff similar to that, but we had props that day as well out of the sports book.

I think it was Good Magic versus Bravazo. Is he gonna win by one to three lengths and stuff like that.

That's only just the tip of the iceberg. We've said from day one that we want to do everything we possibly can to get that sports book customer and introduce them to racing as best we can.

Maybe back to Jeff for opportunity versus threat from your side. From someone with a racing background. I would think that we probably share opinions that this is a good opportunity. You're getting new customers in that are gamblers, and the opportunity is there to introduce them to something new.

Mr. Jeff Lowich: Yeah, I agree. I think if we do this right, it can be an opportunity.

Like Chris was saying, getting everything onto one platform, how great of an opportunity is that? We at Paddy Power Betfair have seen similar things in other jurisdictions. Australia was on a multiyear pari-mutuel decline, and then sports betting comes into the mix.

You've got sports betting and racing on one platform. A guy plays — makes a bet on a sporting event, and he's watching the game, and maybe it goes to halftime or whatever. Then there's plenty of races out there to play. All of a sudden, racing starts making a comeback. We've seen that in several jurisdictions throughout the world, and I think that's ideally what we'd like to get to.

Now also, like Chris said, there's many hurdles to get there, one of them being, most places, it seems like sports betting is gonna be regulated by someone different than who regulates racing.

Now you're taking two separate sets of regulations and trying to put them together in one platform, which is not easy to do. Just in New Jersey, for example, racing is based on residence and location to play in an ADW, and sport betting's just based on location.

Trying to put those together and effectively report and actively report that to the regulators, it's — there's a lot of hurdles to get through there. Like Chris was saying also,

trying to get through with other jurisdictions and try to get those regulations a little bit more on the same page so that we can get everything onto one platform.

If you get one wallet — let's say you have one wallet for fantasy and one wallet for racing and one wallet for sports. That makes it really easy to cross-sell, and that's where one of our biggest opportunities are. Hopefully, one day, we can get there.

Mr. Chris Larmey: When you say one wallet, one wallet for all three?

Mr. Jeff Lowich: Mm-hmm.

Mr. Chris Larmey: That's the big part.

Mr. Michael Grodsky: Yeah. Having everything available without having to say, okay, I want to transfer from this — from my casino wallet or whatever, my racing wallet, to my sports wallet.

Having everything available in one individual wallet on the same platform.

Mr. Brian Skirka: I think there is an opportunity. I think we all agree.

To Jeff's point, now it's on us to seize that opportunity and realize what we can do, what we can't do, because we are getting — I see it every day at Monmouth Park — we're getting hundreds of people who would not be there normally, and they're gamblers.

There is crossover. The areas that we now dedicate as sports books also have racing there. The Yankee game is right next to Belmont, which is right next to a football game, which is right next to Gulfstream.

The machines for horse racing are as close as you can get to the sports book. Those areas that a year ago was just racing machines, this year is sports and racing machines. The racing handle in those rooms on most days is higher.

Our overall handle for the year — I'm sure some of you have seen was actually down for the year — we were up three-quarters of the way through the year. We were up significantly. The weather, like most places on the east coast, was as bad as it can get, which took us off the turf for a million days. If you just look at the end of the year, I think we were down a couple percentage points, but it was all August, September weather-related.

Before that, we were up significantly. Everything we look at in areas that we think we can identify is, we're just racing now, sports and racing, the handle is up in those areas. We can physically see people — exactly what we talked about, right? It's halftime of a game. These guys want action. If they see right next to it, okay, here's the halftime show, and here's the late double at Gulfstream or wherever it is, they're gonna bet that.

We actually have seen that. Without dispute, people are doing that. I wanted to get a little more maybe into specifics of some things that we can do to capitalize on the sports person into racing, and I wanted to start with what I was saying with presentation.

Chris and I were discussing yesterday a little bit maybe TV presentation and just making it as easy as possible for someone who's in the sports book to see a race, handicap a race, bet a race.

From a player standpoint, how important do you think presentation — maybe that means TV presentation, maybe that means having nice accommodations — is for a player?

Mr. Chris Larmey: I definitely think the signal piece — I know you're working in the book, but if we're thinking longer-term, most of the handle on sports wagering is gonna be mobile. Account wager is probably not going to be in the sports book. I think we have to make sure we present that customer experience as good.

You want them to get a signal that's definitely a high-definition signal for a horse race, right? Today, that's not always the case. Any other sporting event, that's definitely gonna happen.

I think we don't want to lose sight — even though I know right now, most of it's happening within books because it's new, and that's — and especially in New Jersey, you were out there pushing this, and because of those efforts, we're here on this stage. I think we want to make sure we think about that experience at home or on the mobile platform as well as on the book.

Marketing to those people who may never walk into a sports book, but they may be at home playing FanDuel or making a bet on a sporting event. We don't want to lose sight of that experience.

I think in the long term, that's really important. Maybe in the near term from a marketing perspective, you can start out by reaching out to these people who are coming into the books.

I'm just thinking longer-term, just like in racing, 30 years ago, all the handle was on-site, and now it's all in account wagering off-site. I'm sure that's gonna happen with sports wagering. I don't see how it wouldn't evolve in that direction, especially with the younger crowd.

The demographic we tend to see more of in the sports wagering, they're all mobile, tech-savvy, so I don't want to lose sight of that part of it. I think you want to market in a way that can reach out to people that aren't necessarily going to walk into the book or into the track.

Mr. Brian Skirka: It's definitely a valid point, and you're right. I think maybe 'cause I'm based physically at Monmouth Park, while mobile, obviously, is something we want to promote as well.

Jeff, you're physically at the Meadowlands. Because we are — we're probably ground zero for the trying to get racing people into sport — conversely, trying to get sports people into racing. We're at an actual racetrack, so it's probably the easiest for us.

We open when we're in season, so you could physically take a sports person and say, "Hey, let's go to the paddock. Let's go to the winner's circle. Here's a program. Let's figure out who's gonna win race five." At the Meadowlands, how do you have it set up to introduce sports people to racing?

Mr. Jeff Lowich: Obviously, FanDuel and TVG merged this summer. I'm from the TVG side. I've been with TVG for nine years. Any of those slower sports days, and even on some Saturdays when I can spare a TV, TVG is going up in the sports book to be in front of all of those new potential customers that we can potentially cross over to make them into racing fans.

On a personal level, with customers that I've built a relationship with, I've physically walked up to some of our VIPs with a racing form on a slower day when they're just hanging out in the sports book and showed them how to handicap because I think there is, like we were talking about, opportunity there because on the — let's say on the gambling spectrum.

Sports bettors aren't gonna be particularly far from horse players. I think maybe handicapping a race is a little bit more cerebral than most sports betting handicappers put in, but it's certainly much closer than, like we were talking about 20 years ago, than it is to slot players.

Trying to convert a slot player into a horse player, really, really difficult, but trying to convert a sports player into a horse player, not as hard.

The only real difficulties I've had are, I have to do it probably fixed odds. I told a customer that I liked a horse. He goes into the gate at four-to-one, and coming by the quarter pole, he goes — he's two-to-one. That was a difficult conversation, just trying to explain that to a guy who's been playing fixed odds for 25 years, trying to explain to him how pari-mutuel wagering works.

"Oh, yeah. I know he was four-to-one when we played him, but late money comes in." He's like, "Wait. What do you mean?" He just had no concept of the fact that a price could change once he made the bet. I used that, and I actually turned him into an exchange player 'cause obviously, the exchange is available in New Jersey.

A lot of you out there who know me know I'm a big proponent of the exchange, so I used that as an opportunity to turn him — try to turn him into a fixed-odds horse player. That was probably one of the more difficult conversations that I had. It's just the difference between pari-mutuel and fixed-odds sports betting.

Mr. Brian Skirka: Michael, what do you see in Vegas some of the racing sports books, and do you see — are sports betting people showing up and asking for the racing signal right there? What does a racing sports book look like in Vegas to have both in the same

area?

Mr. Michael Grodsky: Yeah. Absolutely. I want to address one point really quick. We've had the William Hill mobile app in Nevada for over six years now, and we've continued to see retail business — mobile has grown through the roof, but retail business has held its own.

There's just something about being in a facility, being at a Monmouth Park, the social experience, right, of being at your track, being at — that you can't get when wagering on your app from your home or from your desktop. We necessarily don't think that — we think online, and mobile is something that complements the retail experience, let alone cannibalizes it.

In Nevada, it's a perfect example. In Nevada, you have the day-in players, the horse players that are handicapping the races coming in for action. You have the guys on their lunch break who maybe work at a casino down the street bopping in, getting their wagers in on their race.

Then the great opportunities are when we have those big race days, right? That's when we'll put a loss leader out there, like a mint julep glass, right? We'll give it out to someone who makes a couple-dollar wager on horses that's there for sports betting just to try to cross them over, right, and to use that as a hook to lead them in.

We'll do some sort of promotional giveaway. The race players, obviously, you guys are all experts. The product has to be set up perfectly for them.

I think at Monmouth Park, absolutely nail it with, as you're saying, the race signal right next to the sporting event signal. You got to get that experience right. For the Carrolls, they got to have their product available. They got to have that available.

It's the same for sports bettors. When you can get that product right, it's fantastic. The last piece, just thinking for a second here, it's just super necessary as well is just, again, with the instructional information too, right? We're talking about how to bet guides, different information like that you can present to customers to instruct them and training your staff.

When there's a question, I think the staff at Monmouth Park does a fantastic job both on the race and sports side when it's somebody who's comfortable talking to someone who they have a long-term relationship from race and try and understand sports or someone they have a long-term relationship from betting on the sports side now asking, "Hey, what's this big noise I've heard about this horse, been in the news all week? How can I bet on that horse? What are the different ways I can bet on this race? There's a lot of energy about it. How can I get some action? What are the different ways to get action?"

To be able to deliver an experience and talk to that customer you have a relationship with.

Mr. Brian Skirka: I think it's important to say that, especially in New Jersey, sports betting came around to help horse racing. Monmouth Park and our CEO, Dennis Drazin, was basically the driving force behind getting sports betting legalized. We, meaning Monmouth Park, needed that to happen for our survival.

We don't have casinos. We're surrounded by states and tracks that have ancillary income coming in. Prior to this year, we were just a racetrack. The reason that we were so adamant in going after sports betting was to use that to, one, hopefully take some of those sports betting people, turn them into racing to grow the sport, and then sports betting is going to be profitable, so take that money and put it right into the horse racing product, which Dennis, to his credit, from day one has said that and stuck to it.

You're gonna see us running. Our meet is gonna extend as we go hopefully through the next couple years. Hopefully, our purses start going up.

Using that money from sports betting to enhance horse racing. That's something that he has said from day one, and really, the driving force behind getting sports betting. We needed it for our racing product. It took a little longer than we would have liked, but thankfully, it's here and moving forward.

I know Jeff feels the same way. Trying to use sports betting to grow racing, especially with our backgrounds. I'm wondering what — maybe, Jeff, you could lead off — what specific aspects of racing do you think that we should promote to the sports betting person?

Obviously, with everything, there's a million different aspects of everything, but maybe if there were two or three specific aspects of racing that you think a sports betting person might latch onto and might get their attention.

Mr. Jeff Lowich: The things that have worked for me so far have been the frequency of action 'cause there's so many races.

We'll have TVG up, and we'll have six, seven, eight live races an hour. Being able to talk to them about, "Oh, this is this track located here, and they have this big race there throughout the year."

Educating them on the different tracks throughout the country. Then just individually looking at those races, whereas these guys are just used to a game every — taking a couple hours and things like that.

Being able to promote the fact that we have so many live events going on, especially on those bigger days, Friday, Saturday, Sunday, that that seems to have been a really nice hook to bring them in, just that there's so many wagering opportunities. That's been something that's been pretty successful.

Mr. Brian Skirka: I know we mentioned a little bit earlier, Chris, but from a player's perspective, anything that you can think of in horse racing that we should really target?

We mentioned earlier the idea that in a pick six or a superfecta or something, that sports betting, predominantly with parlays, you can make a bigger score, but generally speaking, your win amount is isn't huge compared to what you bet, but in racing, a \$0.10 or \$0.50 bet can lead to \$10,000.00.

Mr. Chris Larmey: I think we need to play that up. I think for recreational, especially the entry-level players, that chance to bet a little and win a lot is very appealing.

The idea that races don't take two hours. They're a couple minutes. Just the excitement of having to bet on a horse in a stretch duel, play that up.

I think the other part is — it's a double-edged sword. I think it's somewhat a barrier to entry for players, the complexity of racing and handicapping a horse race, so I think we need to think about how you overcome that.

One way to do that, I think, is with fixed-odds betting. Maybe some very simple wagers to get them into it before they start trying to figure out what a trifecta is or a pick four or back wheels and stuff like that. To me, that intellectual challenge, but I don't think we want to downplay that, especially the younger, hip demographic.

They like that challenge.

You say, "Hey, you think it's tough to figure out if you're gonna bet over or under or who's gonna win this game, wait until you try to handicap a horse race.

It's a whole 'nother level of fun and challenge."

We don't want to lose that, but again, because of that, we need to — they're not gonna jump right in. You need to have some way of getting them introduced, simplifying the betting, simplifying what they — the decisions they need to make so as an entry level, they get a taste of it, and then they want to learn more.

Just like anything, you slowly raise your game. Hopefully, down the road, they're betting lots of money on all kinds of different tracks and wagers and things like that. I think you have to appeal to that intellectual challenge, the excitement and the quickness of it, and also that chance to bet a little, win a lot to get those people in the door.

I think you got to also think about just all those other hurdles for that first — the player the first time they're going to do it. How can you make it easy as possible for them to make a bet on a horse race when they haven't ever done it before?

Part of it's that handicapping and learning how to do it, simplifying the wagering part of it, making it so it's a single wallet and they don't have to fill out a whole thing and make a new deposit and account.

All those barriers to getting started from marketing — maybe that's more of the actual product experience itself, but you want to make that as seamless as possible and let them

get in an entry level where they can get used to it before they jump right into the deep end.

Mr. Brian Skirka: Yeah.

The next topic we touched on a little bit earlier was things that Michael has done in Vegas or Jeff at the Meadowlands or me at Monmouth, ways that — so far, sports betting's only been here for five months, so ways that we have — whether it's a pick four that includes sports and racing — one thing that we need a little time, I think, to figure out exactly how to do it, both logistically and just the right way of doing it, but in Monmouth Park, we run 14 handicapping contests this year.

A lot of them are NHC qualifiers, or all of them are NHC qualifiers. There absolutely is crossover there. We see it 100 percent with people in the racing contests are interested in the sports book, and we've even seen it conversely. During our live season, one of our registration tables is right at the main entrance, which is how you get to the sports book too. The sports book people just see it, and they've asked about it. We absolutely without question have had some sports betting people dive into a horse racing handicapping contest. It's different. It's fun.

There's absolutely gonna come a day — I just have to figure out how to do it right — where there's some sort of horse racing, sports betting, handicapping contest together where it's — right now, one of our contests, you have to bet ten races.

Maybe a year from now, we do a contest where you have to bet seven races and the Monday night football game or whatever the day of the week that it is. To do both, to take the racing person and dabble them into sports a little bit, but the bigger thing is to go into the sports book, try to grab people out of there and say, "Hey, come play in this horse racing contest." That's just gonna get them.

We talked about it yesterday at the NHC panel. The excitement of, if you play in one contest, if you — if we can go into the sports book and grab five, a dozen, 50 people out of that sports book and say, "Hey, you're gonna play in this horse racing contest," they're gonna play once, and they're gonna do it again.

Mr. Chris Larmey: I'm really biased because I'm really into the contest scene, but I absolutely agree with you that one way to get that crossover is through contests. There might be a way to do it that you can bypass some of those other hurdles from a regulatory standpoint.

I really do think the kind of people who play fantasy sports are the same ones that a handicapping contest would really appeal to them. If you can bring those people who are used to that — similar kinds of things into the horse racing contests and then they start learning more about the racing part, I think that's a great way to try to get that crossover. You can do that online as well as on-site. They're already used to playing — there's already online handicapping contests and online fantasy sports. There's no reason why you can't bring them together. That's a real opportunity, I think, for marketing.

Mr. Brian Skirka: Yeah.

That is something. Like I said, we've — sports betting is new. We all want to jump to conclusions and want to have every answer right now.

We will absolutely have some sort of — we'll continue with the pick fours that are partially racing, partially sports.

We'll continue with the prop bets. I'm excited about the idea of a dual racing sports contest when that comes.

Jeff, just on the idea of offering some sports bets and stuff or some racing bets in the sports book, what have you done at Meadowlands maybe on some of the bigger days, like props and stuff to try to introduce racing in the sports book?

Mr. Jeff Lowich: Yeah.

We did something fairly similar on Hambletonian day where we did a — essentially a pick four type bet, picking three races and the Yankees-Red Sox game.

Then we also did prop bets. Who's gonna win the Hambletonian? Is it gonna be someone from the first heat or the second heat of the elims? Is it gonna go over or under? Is the Hambletonian gonna over go over or under a certain time? How much is the horse gonna win by? Things like that.

That went over really well. We had a lot of horse players come in to make those bets. Once they saw that the track was playing fast, we took quite a few bets on the under for that.

It actually did go under by — I think it was under by a fifth.

Yeah. That was really popular.

We fielded a lot of questions that day from — and obviously, it was a Saturday in the summer, so it was extremely busy in the sports book.

We had a lot of questions from regular sports players who wanted to know, "Okay, how do I educate myself on making the right play on these bets?"

At that point, you're pulling out the program and trying to show them how to handicap a harness race, which, like Chris was saying, there's a high barrier to entry.

It's a steep learning curve to learn how to read a program or a racing form, but again, that's the first step is walking someone through it.

"Here's what this means. Here's what that means."

That's the first step.

Mr. Brian Skirka: Michael, what about in Vegas?

I know, obviously, we've come up with some stuff in Monmouth Park. Do you do any contesting, racing alone, racing sports, or is it just now that we're open in New Jersey, is it coming up on some stuff?

Mr. Michael Grodsky: We have a futures book, which goes really well for the derby. We offer that year-round, traditional — it's booked on the sports side, and customers will book it. Usually opens up around Breeders' Cup time of year, and then we keep it open throughout that.

That's fun to get horse racing customers. Everybody knows the story of when California Chrome was available at 200-to-1, right?

It's, can you find that next gem among the list of horses that could actually end up one winning the derby? That's really fun. That's been a big, big thing for us for a while. We've always offered match-ups on big race days as well.

Additionally, too, the fun props on, will there be a track record for that day, is always interesting.

Mr. Brian Skirka: I want to ask a question about — we touched on it throughout on — specifically on the mobile app side. Same kind of general question. It could be an opportunity, or it could also hurt racing, in a sense.

In New Jersey, we have one online 4NJBets run by TVG. I think we're up to eight or nine now sports mobile online. Maybe we'll start with Chris, and we'll get a comment from everybody. How do you specifically see the mobile aspect of sports wagering impacting the horse side?

Mr. Chris Larmey: I think it all depends on how it unfolds, but again, you want to make it as seamless as possible. Ideally, they could create an account where — we've heard the description where you can make all the wagers with one deposit wagering account. If you have to do it separately and there's only one legal way to do it in racing and there's unlimited on the non-racing, that's probably gonna hurt racing.

I don't see how it couldn't long-term. That's part of that getting up front and making — lobbying on the regulatory side to enable you to market it in a way that will be appealing to the customer.

Mr. Brian Skirka: What about a comment, Jeff, just on — I know you especially on the TVG Betfair side have been dealing with the account wagering for many, many years now that sports is out there as an online competitor. What are — are your thoughts on that?

Mr. Jeff Lowich: Yeah. I think without having it on — having everything on one platform, it's not an ideal situation. It's been five, six months so far. 4NJBets is doing just fine. It's up several percent, which is good in the racing industry.

We haven't seen any negative impact so far. Certainly, hoping that it doesn't impact that part of our business negatively. I really don't think it's gonna have any sort of major impact, at least not in the foreseeable future.

Mr. Chris Larmey: It might not hurt, but it makes it harder to cross more.

Mr. Jeff Lowich: Oh, no. Absolutely. It makes it much more difficult to —

Mr. Chris Larmey: To leverage that —

Mr. Jeff Lowich: - to cross-sell.

Mr. Chris Larmey: - on the racing side.

Mr. Jeff Lowich: Absolutely. Yup.

Mr. Brian Skirka: I think the last thing that I wanted to ask, and maybe we could all answer as maybe our closing statement, which I thought is an interesting take on it.

Just as a whole, maybe going back to the opportunity versus a threat, and this — I think we all think that there's a good level of opportunity here. With sports betting now being legal, gambling as a whole is a lot more mainstream.

Maybe a few years ago, you couldn't really talk about it on — some certain areas. There was some innuendo, but it wasn't really embraced. You turn on ESPN now, their bottom line has the odds and over-under of every game that scrolls by. It's much more mainstream.

Horse racing, obviously, has a major gambling aspect to it. I'll start with Chris as a player and work our way down, and I'll finish. With gambling as a whole much more in the mainstream, and it's out there, and people talking about it, can racing use that as a momentum to get people into the sport?

Mr. Chris Larmey: I think it definitely could because we talk about the barriers to entry. I think there's a cultural barrier. In some areas where sports wagering is looked on as like in the bookie parlor or the mob ran it kind of thing, whether it's horse racing or sports.

As that becomes more mainstream and more generally acceptable culturally, I think that's another barrier where somebody who may never would have thought about betting on a horse race may do that without getting stigmatized in some way. I hate to say this, but just as a horse player within the racing industry, they don't — there's an anti-gambling sort of sentiment or a degenerate gambler kind of perception that is frustrating to a lot of horse players.

I think we have it within our own industry, so certainly anything that can change that cultural perception outside the industry will be a positive. I don't know how much it will impact growth, but I don't think it can hurt.

Mr. Brian Skirka: What do you think on that topic, Jeff? Just that, like I said, you turn on any — there's programs now. TV, radio, there are gambling shows that didn't exist or existed in much smaller areas a few years ago.

Now gambling is talked about every single day.

Can racing hitch onto that wagon a little bit?

Mr. Jeff Lowich: I think there's some opportunity for that.

At TVG, we have a sports betting essentially handicapping show Sunday mornings, Eastern time, from 11:00 to 1:00 right before the football games. It's been a show that's been really well received, and there's horse racing tie-ins in there.

Obviously, racing comes on right after that show is over.

I think there's definitely room for opportunity there. If we're talking about potential threats as an add-on to that, I would think one of the threats would be tracks not going HD, like we talked about earlier where you can't cross-sell someone from watching this beautiful football signal in 4K and then turning on an SD signal, and you can't even read the saddlecloth number.

Those are the types of things that — trust me, I know how expensive going HD is, but it's just one of those things that it makes it more difficult to cross-sell in that type of a scenario.

Mr. Brian Skirka: What I wanted to ask you, Michael, is, now that sports betting is legal — not everywhere, obviously, but in more spots than it was a year ago — what do we see in Vegas?

Has sports betting grown there or in states maybe even outside of New Jersey? It's just that everywhere you look, sports betting is legal. We got so much PR out of it.

In the sports betting industry, do you see an uptick there?

Mr. Michael Grodsky: Yeah.

That's a great question.

In Nevada, everything's going really well out there still. I think what's happening is what you said with the mainstream and sports betting being around.

Take the Super Bowl, for example, in Nevada. For years and years, every major casino in Nevada, every casino in Nevada has a big Super Bowl event.

They invite their VIP customers, right? The customer may put down a \$5.00 bet on who's gonna win the coin toss, but they're to do with — it's creating an incremental trip for them.

Now they hear this buzz.

They build an event around it.

They're gonna go ahead and bet — the slots or the tables are what they primarily come in. I think that's the opportunity we're seeing more and more mainstream is, how do you use March Madness?

How do you use all these other calendar events on the sports calendar to bring people back into your facility as a hook?

They might only bet a little bit on sports on that hook, but it's a great amenity to have to bring that attraction in to build an event around.

You can build an event around the NFL draft. You can build an event around, like we said, March Madness.

Super Bowl.

College football playoffs, right?

The World Series.

Anything you can imagine now, you can fill in your calendar with these great other sporting events and use that as a hook to bring folks in. I think that's what a lot of the Nevada casinos have recognized now, and that's what a lot of our sports books have recognized.

Also, too, it's just, no matter what we do with horse racing too is, when there's a new product or a new type of wager or a new exotic wager, it's educating everybody on that wager, and you're gonna see incremental handle when people understand there's just more different ways to bet the thing they're very passionate about.

Mr. Brian Skirka: Yeah.

I'm with Chris.

We'll end with this, and then if anyone has any questions, you're more than welcome.

I think there's a big cultural perception, just, I guess, gambling as a whole and horse racing as part of that, that it's not reality, that they see an old movie, and it's the stereotypical horse player.

My challenge is, as marketing director of Monmouth Park, is that that drives me crazy because at Monmouth Park specifically, we couldn't be more opposite.

We do family fun days.

We have a picnic area.

It's not that perception.

To get someone to the track — everyone who comes up for the first time says, "I had no idea it was gonna be this nice," and they're back. I think there's an opportunity there with gambling as a whole now that it's not as hush-hush.

Gambling is out there, legal that you can do it.

I'm hoping that people, whether it's coming through sports and then we get them into racing, or they're less afraid to bet on our product, that we can use that kind of mainstream to open people's eyes that it's not — that stereotype just really irks me 'cause it's so not true.

Any track you go to, it is obviously beautiful.

Hopefully, gambling as a whole becoming more mainstream gives us a good opportunity to take some of those gambling people out there and convert them into racing fans.

That's pretty much all the content we had. If anyone had any questions, you can grab us afterwards.

I think we have maybe a couple minutes.

Unless you want to yell out a question, we're fine.

If not, we're happy to talk afterwards.

Thank everyone for coming.