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**BEST OF
THE BLOG**

#04 JULY 2020

Is Racing's Ownership Cup Half Full or Half Empty? Storm Clouds are Building, so we Desperately Need a Racing Recovery Plan

"Racing is heading for deep trouble. In the period after the last financial crisis of 2008/09, owners and horses in training declined in a straight line for seven years. Is there any reason why this won't happen again? We need a Racing Recovery Plan."

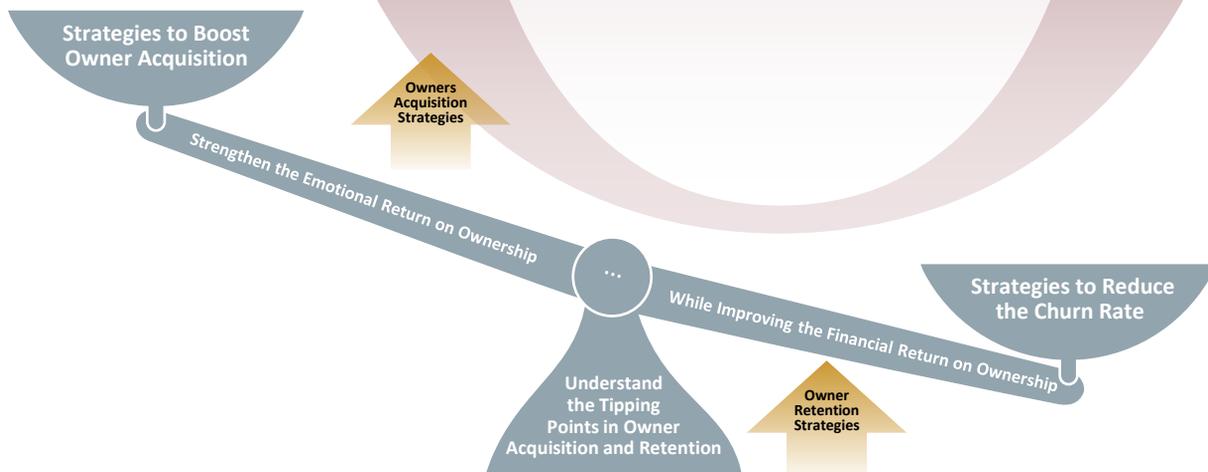
Did Royal Ascot work for you? I doubt if there's ever been a stranger race meeting there since 1711, but full marks to everyone involved in staging the meeting behind closed doors, and there were certainly lots of innovations to keep everyone engaged and (relatively) amused. Of course, there was no Queen, no royal procession, no fancy hats or frocks (so no dress codes), no overseas jockeys, no owners and no bookmakers. There were a few trainers present, who privately were probably thinking that this was ideal racing with no pesky owners to cause problems and a completely uninterrupted focus on their steeds. They may well have bemoaned the slashing of prize-money that was halved to a total of £3.7m, spread over 36 races and the five days of the meeting, but it's definitely worth emphasising that this huge reduction in pots had zero impact on the quality of horses that raced across Ascot Heath, nor on the total number of entries or runners. It was very much "business as usual" – if you can say that about the bizarre world of lockdown racing.

The TV channels tried ever so hard to make the meeting engaging for owners and racing fans at home, as did Ascot itself. There were virtual racecards, 360 degree parade-ring cameras, Zoom interviews with owners at home, racing tips aplenty, recipes and cocktail recommendations for drinks such as Absolut Passion, colouring pages (???) and even virtual singing around the bandstand. It was encouraging that ITV was rewarded with its highest viewing figures for terrestrial TV since 2012, with an average for its 20 hours of broadcasting of 1.2 million viewers, and they had even more than that to watch Stradivarius romp home in the Gold Cup.

Unfortunately though, half-way through the month, normal hostilities were resumed again between the Horsemen's Group and the Racecourse Association over the vexed subject of prize-money – or rather, the lack of executive contribution by some racecourses towards prize-money since racing resumed on 1st June. The collaborative spirit of the Resumption of Racing Group that so impressed us all will struggle to survive threats of legal action and accusations of anti-competitive collusion by horsemen against the tracks. This breakdown in working relations is one of the reasons that I fear storm clouds are building, as it will be absolutely vital that from today onwards – National Hunt has finally resumed – the Resumption of Racing Group is transformed into a Recovery of Racing Group to address the inevitable contraction of ownership that is coming, and the huge knock-on effect of that across the whole industry.

Why is my cup half-empty? Back in 2016 the BHA and ROA commissioned an excellent National Racehorse Owners Survey from a specialist sports consultancy, Two Circles. I reported on their findings in this blog on 15th August and 1st September that year. Their analysis and findings were well presented, and although they didn't frame them in the way that I am about to do, I certainly agreed with their conclusions.

At university, where I studied social psychology, I was impressed by the concept of "expectation theory" to explain the motivation of individuals. Sociologists and psychologists never make anything simple, of course, but the basic concept was that each individual has a complex set of their own expectations, and whether these are or are not met directly influences their motivation to do something. It is also a two-factor theory, which means that the factors that prompt you to do something are not necessarily the same as those that might dissuade you. Anyway, I applied that approach to ownership and, as you can see in the diagram on the next page, I concluded that the factors that bring owners into the sport are to do with the emotional return that they receive on their ownership (excitement, glamour, status, close contact with their beautiful horse etc.), whereas those that drive them out are directly connected with poor financial return (bad prize-money, high costs, irritating fees and charges etc.) I was hoping that after 2016, racing's leadership would develop a whole set of strategies to boost owner acquisition (bringing new owners and their money into the sport), together with another set to foster owner retention (reducing the churn rate of owners). I was tolerant about the relative lack of action, and then encouraged again in 2018 when the ROA announced that they were leading the development and implementation of a new Ownership Strategy. After three years without sight of it, my tolerance is just about exhausted. Does anyone know where it is, what it says, what it is designed to achieve and how it will be implemented?



If you look over your shoulder, though, all you can see on the ownership front is storm clouds. When racing resumed on 1st June, it was clumsily stated that owners would not be able to go racing as they were not deemed to be “essential”. That was terribly received. Owners are funding the sport and, using my two-factor model, the emotional return has been massively reduced (as until recently they could neither see their horses in the stables nor go racing) while the financial return has similarly contracted (with reduced prize-money, not least because of the reluctance of racecourses to make their executive contribution). Owner frustration has certainly increased, and this has been acknowledged by the BHA, ROA and RCA. Indeed, as I write this blog I’ve just seen a letter from the chief executive of the ROA, Charlie Liverton, explaining that “Owners contribute so much to the sport and it has been frustrating not to be on the track to see their horses run. Their patience and loyalty have been very much appreciated during this challenging period.” Much appreciated, Mr. Liverton, and I look forward to hearing what racing is now going to do, going forward, to persuade me and co-owners to expand our involvement in the sport, or as a minimum, maintain it at current levels.

Without that, racing is heading for deep trouble. In the period after the last financial crisis of 2008/09, owners and horses in training declined in a straight line for seven years. Is there any reason why this won’t happen again? Actually, and filling the cup to the brim, I believe that a Recovery of Racing Group could implement a set of initiatives to have a hugely beneficial impact on racing and ownership, and significantly mitigate this contraction. Such is the level of enthusiasm for this approach that I’ve persuaded a friend and fellow owner, Ged Shields, to work with me on the development of a blueprint for a recovery programme. We intend to release it after the Derby and promote it vigorously.

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The Owner's
Opinion