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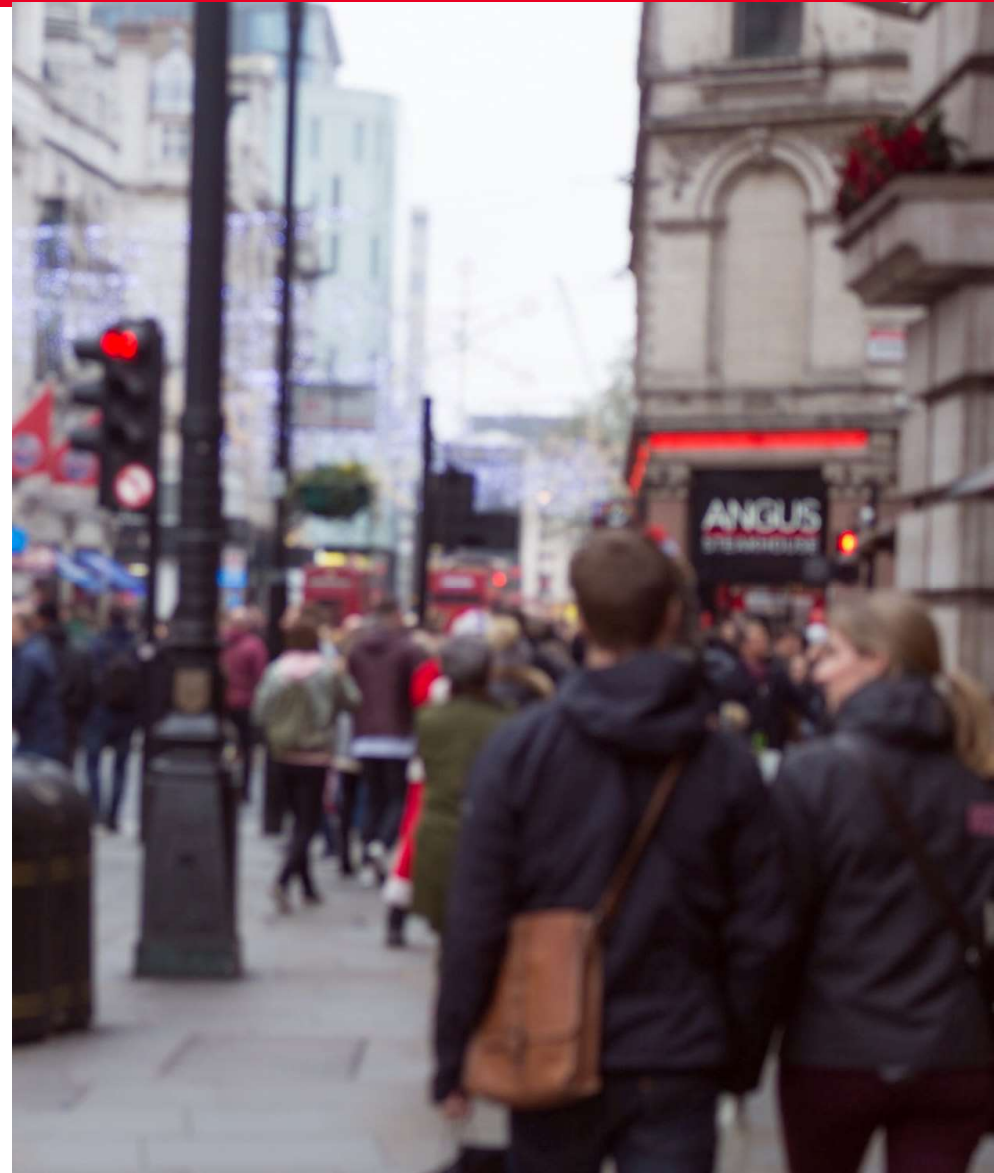
Digital Transformation of  
Retail Betting

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Jamie Hart

## Horse Racing Retail Business under Pressure

- The Retail market is declining year on year, with Turnover in the latest Gambling Commission industry statistics 5% down on 2018. The majority of the decline is driven by a drop in Football Turnover with Horse Racing increasing in 2019 (2020 Stats not released)
- **Room for optimism for Racing** – With now 50% of monthly Retail customers indicating they have placed a bet on Horse Racing (45% Q1 2019 ). This optimism is reflected in the Gambling commission prevalence study with 4.0% of the population indicating the have placed a bet on horse racing in 2019 Vs 3.8% in 2018



Football turnover's shift into digital driven by greater adoption of mobile and a differential pricing policy (and the lack of a World Cup)

# Gambling Commission Industry Statistics - May 2020

## 7a Off Course Betting (over the counter) (non-remote)

	Turnover (£m)						Gross Gambling Yield (£m)							
Reporting Period	Total	% Change	Dogs	Football	Horses	Numbers	Other	Total	% Change	Dogs	Football	Horses	Numbers	Other
Apr 2008 - Mar 2009	9,914.93		1,580.50	941.73	5,743.51	870.79	778.40	1,657.99		303.95	224.94	843.79	166.30	119.01
Apr 2009 - Mar 2010	9,277.82	-6%	1,405.15	954.98	5,442.78	854.13	620.78	1,463.68	-12%	279.89	155.29	768.42	167.14	92.94
Apr 2010 - Mar 2011	8,943.69	-4%	1,364.31	1,031.13	5,153.82	836.60	557.83	1,487.55	2%	261.07	273.95	704.78	170.23	77.52
Apr 2011 - Mar 2012	9,280.26	4%	1,345.43	1,014.88	5,300.90	856.07	762.98	1,403.82	-6%	242.63	233.61	675.34	158.82	93.42
Apr 2012 - Mar 2013	9,163.97	-1%	1,323.54	1,160.57	5,084.20	955.65	640.01	1,495.08	7%	236.84	292.56	696.75	186.33	82.61
Apr 2013 - Mar 2014	8,953.88	-2%	1,273.40	1,167.80	4,894.01	996.24	622.42	1,437.95	-4%	235.42	242.52	679.52	206.35	74.14
Apr 2014 - Mar 2015	8,819.16	-2%	1,223.57	1,323.74	4,804.36	982.61	484.87	1,412.42	-2%	221.45	281.93	641.35	196.94	70.75
Apr 2015 - Mar 2016	8,896.46	1%	1,220.89	1,299.06	4,804.77	1,007.78	563.96	1,416.47	0%	209.28	330.66	600.45	190.68	85.41
Apr 2016 - Mar 2017	8,712.06	-2%	1,152.19	1,385.23	4,537.89	985.46	651.30	1,398.20	-1%	207.75	296.46	583.06	202.90	108.03
Apr 2017 - Mar 2018 <sup>R</sup>	8,306.59	-5%	1,044.13	1,274.28	4,391.50	975.90	620.78	1,349.65	-3%	174.29	316.69	550.64	186.10	121.93
Apr 2018 - Mar 2019 <sup>R</sup>	8,435.04	2%	941.66	1,799.96	4,186.66	954.70	552.05	1,352.09	0%	147.54	410.00	513.72	181.58	99.25
Oct 2018 - Sep 2019 <sup>P</sup>	7,986.57	-5%	1,008.19	1,295.40	4,216.11	998.12	468.75	1,277.37	-6%	155.56	318.44	526.20	184.35	92.83



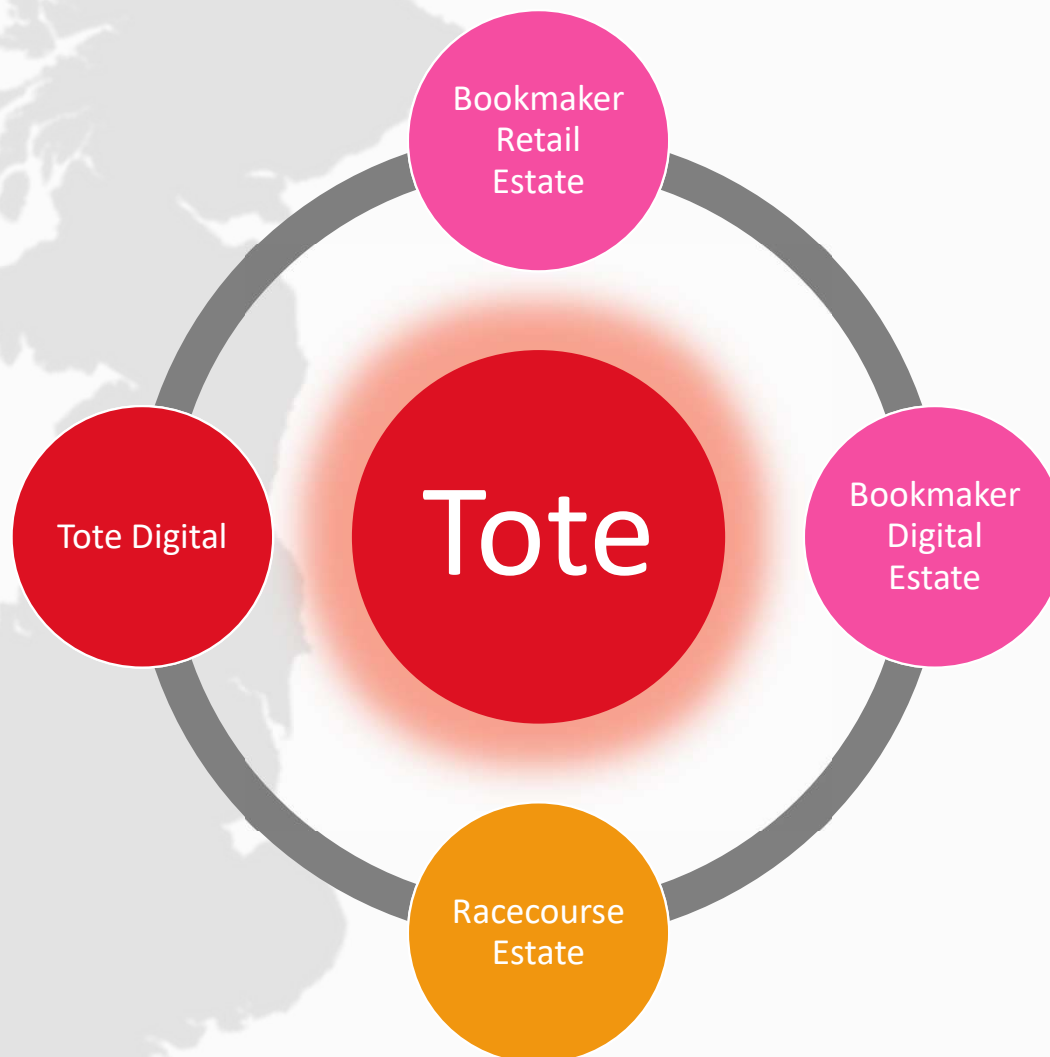
Pool betting in retail also in steep decline as it fails to keep pace with the value proposition in the market and online, and loses its relationship with the main terrestrial TV channel.

## 7c

### Pool Betting (non-remote)

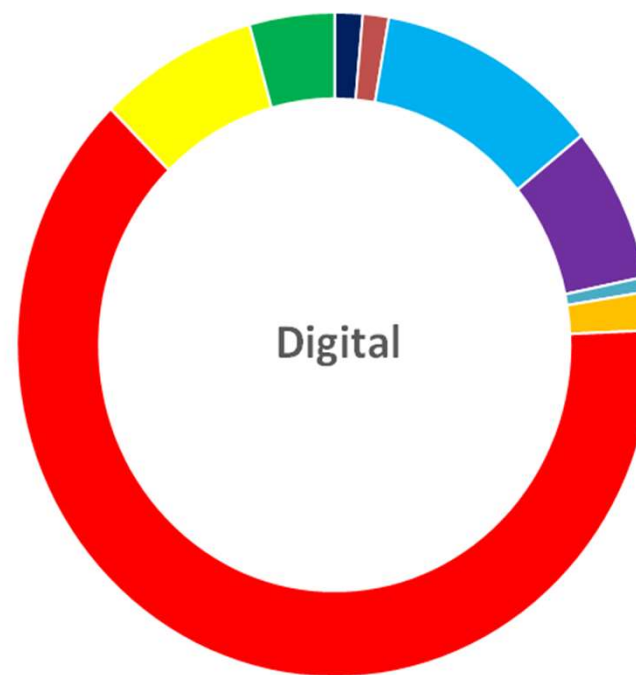
Reporting Period	Turnover (£m)						Gross Gambling Yield (£m)					
	Total	%	Dogs	Football	Horses	Other	Total	%	Dogs	Football	Horses	Other
		Change						Change				
Apr 2008 - Mar 2009	493.36		54.69	59.21	377.80	1.66	146.50		14.66	46.59	85.01	0.24
Apr 2009 - Mar 2010	461.34	-6%	48.08	56.09	355.46	1.71	135.56	-7%	13.63	43.54	78.36	0.03
Apr 2010 - Mar 2011	487.48	6%	50.21	43.96	392.03	1.27	136.08	0%	12.40	39.29	84.45	-0.06
Apr 2011 - Mar 2012	499.47	2%	43.65	47.02	408.13	0.67	137.99	1%	12.57	37.42	88.23	-0.23
Apr 2012 - Mar 2013	473.24	-5%	42.43	42.10	388.71	0.01	131.64	-5%	11.93	35.17	84.55	0.00
Apr 2013 - Mar 2014	521.50	10%	41.49	42.28	437.38	0.35	143.15	9%	11.85	30.95	100.00	0.35
Apr 2014 - Mar 2015	544.41	4%	58.39	26.56	459.15	0.31	143.28	0%	15.65	19.76	107.32	0.55
Apr 2015 - Mar 2016	522.29	-4%	60.39	11.10	450.43	0.37	126.80	-12%	16.17	8.02	102.33	0.28
Apr 2016 - Mar 2017	257.50	-51%	55.13	3.95	197.38	1.03	64.05	-49%	14.85	2.77	46.26	0.17
Apr 2017 - Mar 2018 <sup>R</sup>	225.44	-12%	38.91	4.80	181.72	0.00	57.86	-10%	10.80	3.55	43.51	0.00
Apr 2018 - Mar 2019 <sup>R</sup>	213.96	-5%	20.92	5.42	187.47	0.15	54.73	-5%	6.36	4.20	44.11	0.06
Oct 2018 - Sep 2019 <sup>P</sup>	156.18	-27%	20.66	5.32	130.05	0.13	39.69	-27%	6.34	4.11	29.19	0.05

## UK Structure



- Varied relationships and commercial arrangements in the UK
- No owned Retail or land-based presence and must rely on partners to engage those audiences

## The Value of the Placepot



■ Win
■ Place
■ Exacta
■ Trifecta
■ Swinger
■ Jackpot
■ Placepot
■ Quadpot
■ Scoop6

## Active Horse Racing customer research

Just over half horseracing bettors place tote bets, but just 13% typically use tote bets. Placepot by far the most popular, with 55% of those aware of the bet having played it.



- Tote bettors tend to be more experienced and generally agnostic to the brand they have their tote bets with. Brand use for their tote bet driven by UX (speed & availability), where their balance is and better offers.
- Even regular tote product users can find it hard to spot the tote on their bookmaker apps and sites, with 17% of monthly tote users not knowing their usual bookmaker also offered tote products.

## Value of the Placepot player

Historically the placepot player is of higher than average value because the placepot remains a portfolio play. It's not the only bet they're having.

The opportunity is to make sure the placepot player remains engaged with the target brand throughout the placepot journey.

While online we target leg-by-leg updates and cross-sell, in retail we need to keep bringing them back to the big screen and social experience.

- “Am I still in? Who else is?”
- “What's it worth?”
- “Can I buy back in?”





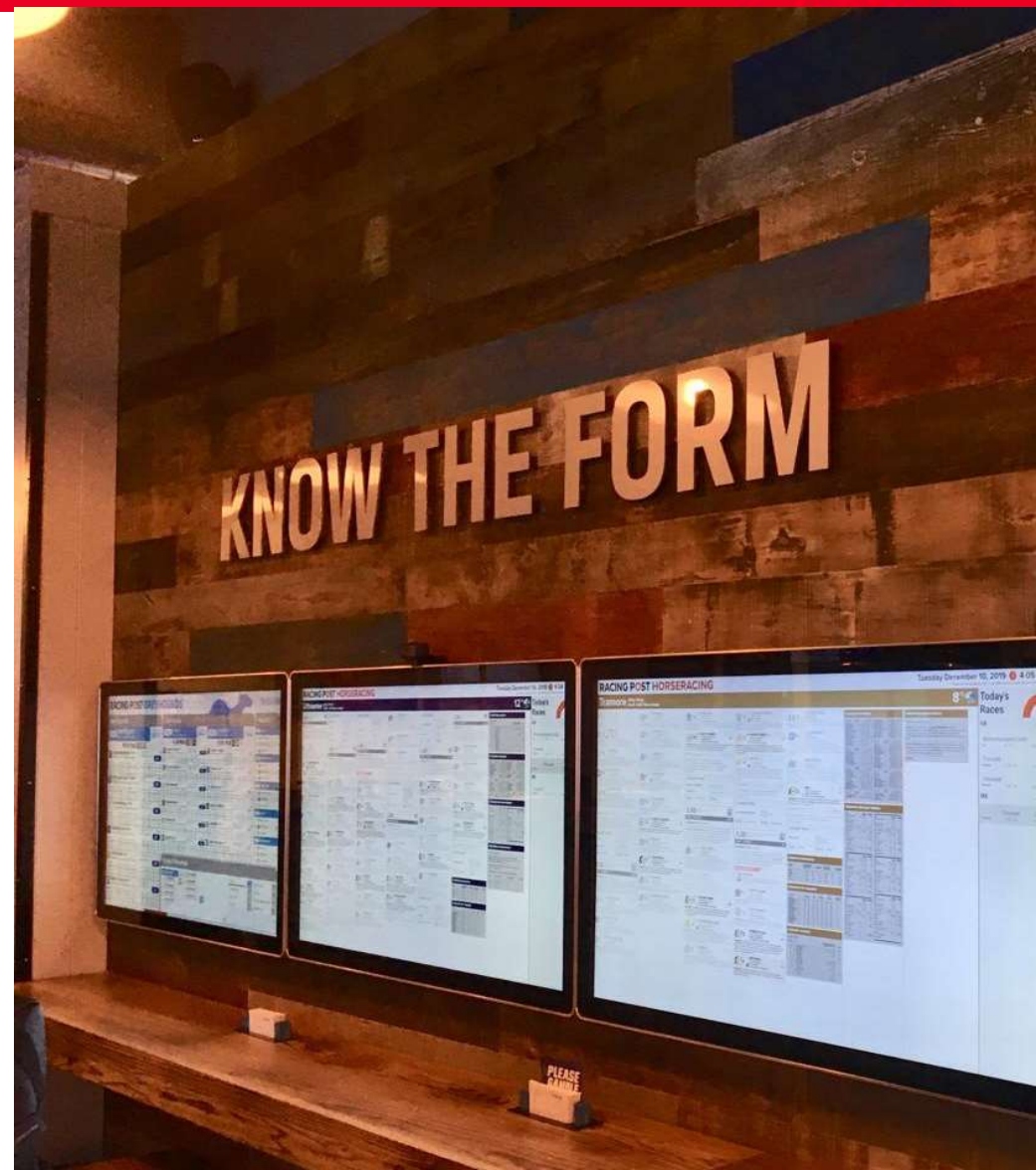
## Will Betting Shops Get a Digital Facelift?

- Retail betting can no longer exist in isolation.
- The focus is on improving the experience and digitising the journey for customers
- The introduction of in-house and third party tech and services into the retail estates extends the touchpoint opportunities for the tote.
- Partnerships need to expand beyond the bookmakers themselves and into digital form suppliers and SSBT operators.

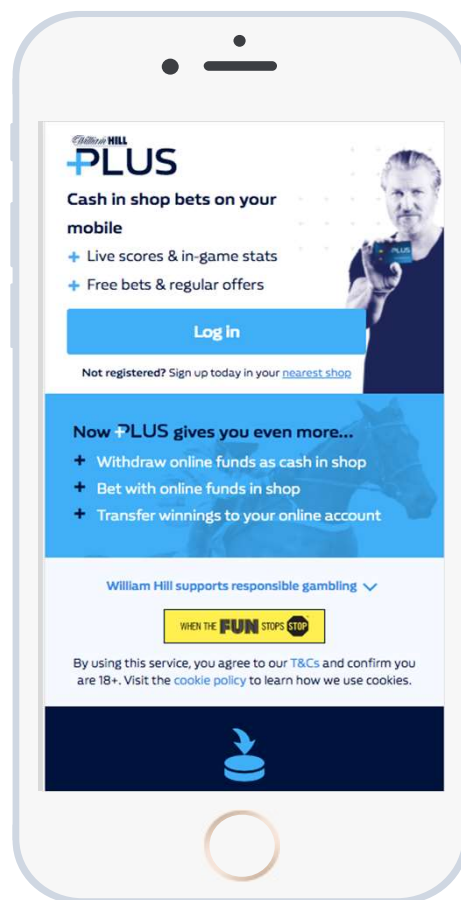
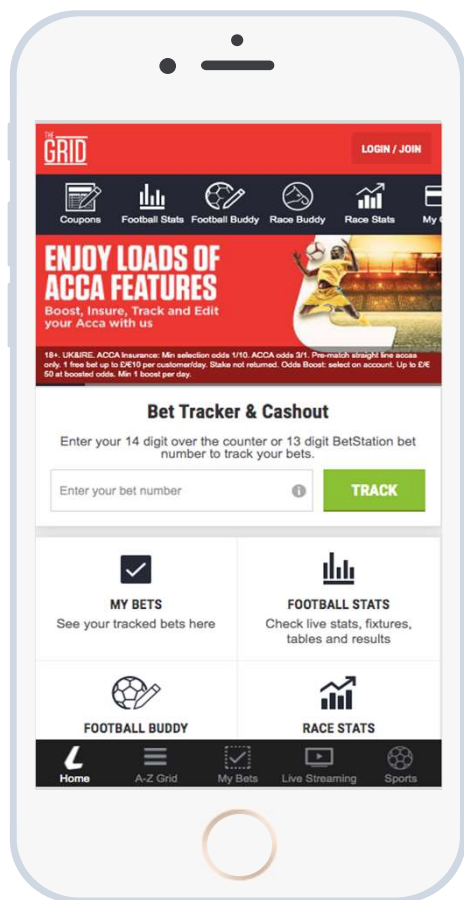
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## Bringing Digital Tools to Retail



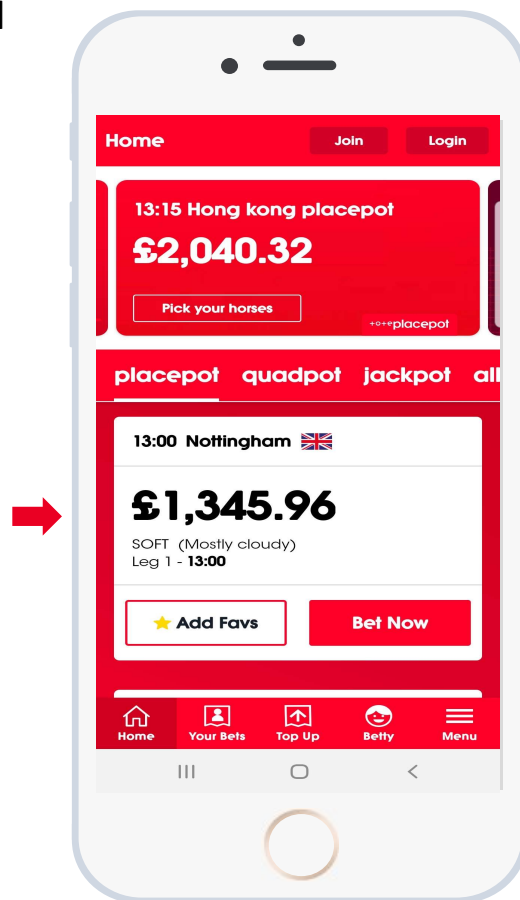
Current 'omni' journeys in retail exist

← Partner and tote notifications must be driven by data.

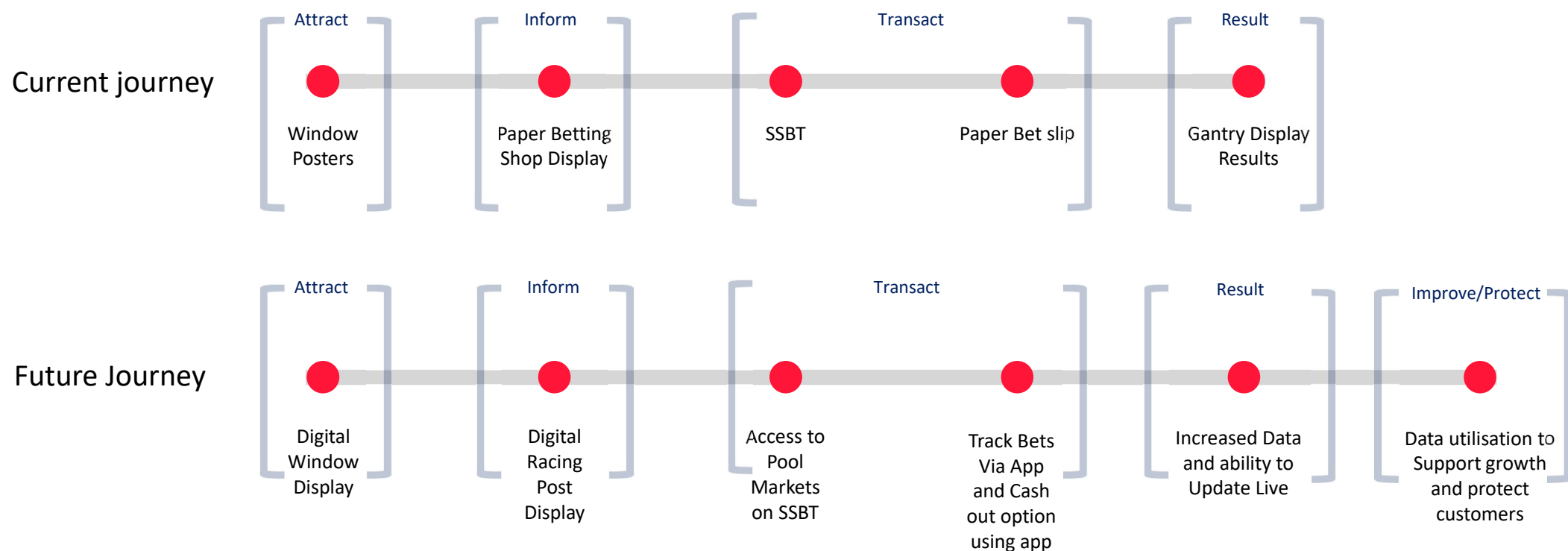
We need to expose and share that data better.

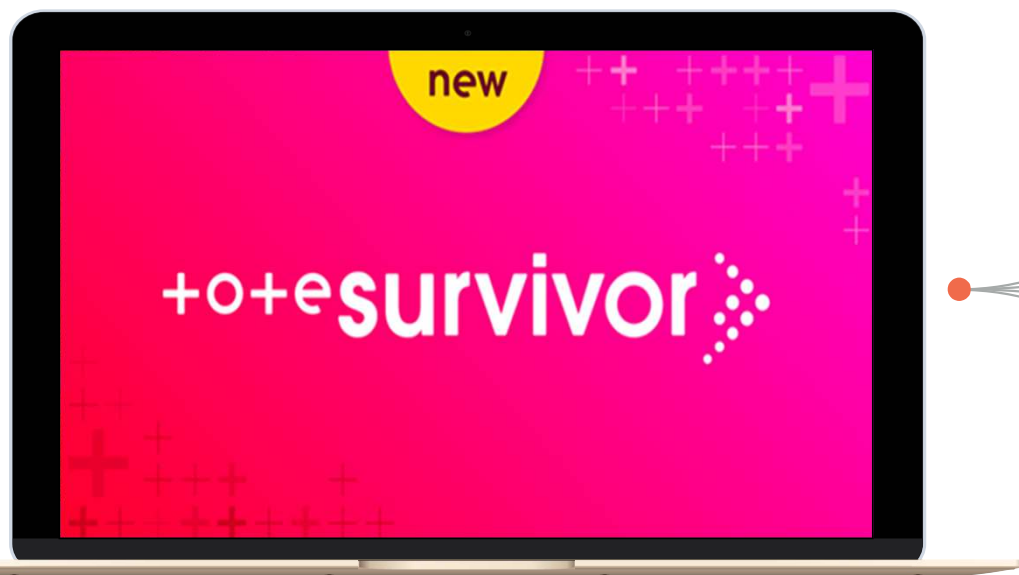
Driving relevant push notifications for partners and our own digital business.

Push notifications to watch the final leg of a placepot make the Tote relevant for current customers of Retail partners



## What the Retail Journey Should Look Like





- Bespoke pools for racecourses and retail estates

- A bet with a national pool but with the ability to go local.

- Last man standing

- “Battle Royal” model is familiar to younger demographic