

Comparing Racing and Football

by Mr. Nic COWARD, Chief Executive of the British Horseracing Authority



“It was an interesting fact for me to come from English football, which I thought was very old and very traditional, starting in 1863, to find out that I was taking on a mantle from 1750 in the case of British horse racing. There are a great many similarities and challenges for us as well.

I am going to start with a few statistics there. It is hard to overestimate in England, in Britain, the cultural economic sporting significance of football, the English Premier League. I joined in 1994 when those of you who follow football will know that English football was all about hooliganism, a bad product, bad stadia, real challenges. It has gone from an industry where, in 1991/1992 the 20 clubs in the top flight, or there were slightly more at that stage, but the top flight generates 170 million to next year where the prediction is that it goes to that eye-watering figure, call it US\$ 3.6 billion. The annual attendance is now 13 million.

There is a 92 capacity rate for English football in their stadia, and two billion worldwide viewers per season, that is 1200 hours every week of English Premier League football broadcast around the world. It is carried live in 204 countries.

How these strengths have been created. Globally, and this is a statement of the obvious but it is right at the heart of what we are talking about here today, it is the same game. The laws of football are very small and very clear. It is a very simple proposition that the world has bought into. As you go around the world, the way they are interpreted and the penalties are very different, but there is a degree of universality to football.

That has created in certain aspects a real phenomenon which people can see as being played from the park and it is a global park, to the stadia. The reason I say ‘global park’ is in relation to the Premier League in England, there are 340 players, over half of whom are not from the UK. They come from 67 different countries. This is a truly global offering, a global proposition.

One of the great attractions as well, one of the key parts of the story, is that there are in each nation domestic competitions that get hold of the imagination of people in each country, but on top of that are incredibly well organised and co-ordinated. This is my next point, competitions involving national teams on an international stage as well as club teams.

There is a global calendar that FIFA set out, a global calendar which is agreed and then dictated back out to the sport across the world and to which they adhere, which means that the decision is made at the top, ‘How are we going to best promote our sport around the world?’

Combined with that is what I would describe as relentless promotion of the sport. People who have experienced English football, football in England, football across the globe in those nations that have taken football to its heart, and England obviously is by no means alone in this, is non-stop. It is wall to wall. It is coverage that nobody could believe, and that does not happen by accident. That happens because there is sustained investment by the national associations, the clubs, in constantly keeping the story, the stars, in the spotlight, in the public imagination. It is a soap opera. That is the key. This is sport as soap opera.

That is also underpinned by turning revenues into a very clear strategic investment programme. English football has been transformed over the last decade by an investment back into its stadia: £3 billion were invested in 10 years. Wembley is our own national icon of a stadium. Its rebuilding took a very long time. It is dwarfed in terms of money. It only cost \$1 billion but it is all part of the same story, building through promoting back out to customers an amazing experience at the stadium.

It is also packaged specifically for the broadcaster and customer. We know very well the power of a well-positioned sporting proposition and we know what is going to happen in the nation of South Africa and across the continent of South Africa when the football World Cup comes there. That is all part of a strategic investment plan by the sport in order to build its future.

Investment in infrastructure



In terms of attendance numbers, Britain and Germany who have invested in their stadia are at the top. The country in steep decline, heading down at the bottom, is Italy. Why ? Because they have not been spending. They have not been investing in their future.

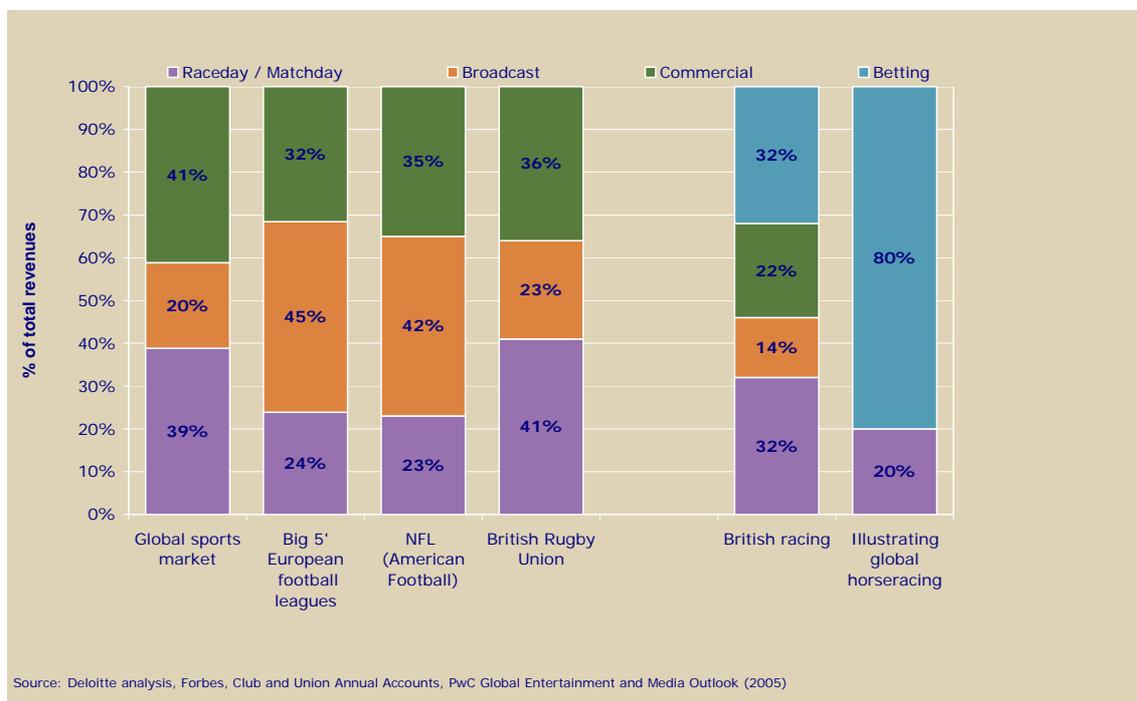
The customer is speaking by not turning up and the hooliganism that perhaps beset English football many years ago now besets Italian football.

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There are many comparisons with racing, more than might be imagined and I think that this is a platform on which we can build. Racing is instantly recognisable around the world. There is nothing like it. We own a particular part of history, tradition, a part of a culture that goes back centuries and it is something which we have, no one else has and something which we should be able to exploit.

Many people told me in my first few months involved in racing ‘it is not the same as football because you can’t do it at home’. I just do not accept that. That is not a reason for us not to highlight the tremendous grip that racing can get hold of people in their daily life. Okay, you cannot do racing at home but racing is a deep part of national culture, national tradition. I think that we can build on that.

This chart form shows what I think essentially the outcome of what we are about must achieve.



The four graphs on the left-hand side show the mix of different income streams for different sports in relation to race day, match day activity, broadcast activity, commercial activity and betting.

On the right-hand side those are the two racing graphs. We can be clear about what the British racing graph is : it is a pretty mixed bag, and one of the ones there, obviously, is betting, which no other sport has.

The graph on the right shows how dependent racing is, as a statement of the obvious but as a real challenge, on betting income.

I realise that we all come from national cultures and laws which have a different view, but there in stark relief in business terms is both our strength and our weakness.

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Just to conclude, what is holding racing back?

I suggest four lines of thought :

- A key strength is a key weakness
- Too much time spent talking to, and amongst ourselves
- Others now focusing energies on a return from betting
- New commercial partners and diversified revenue streams must be found

We have to face up to the challenge of globalisation and my former life was very much a part of that challenge. If I tell you that English football's number one priority in terms of grabbing hold of income stream, the next income stream is betting.

The Premier League : for instance, there is an estimated global spend on Premier League, for which they receive nil, of \$US 20 billion per annum. If you are running a business, and quite a successful business, and someone is turning US\$ 20 billion on you, you might have a go at getting a bit of it. That is what they are going to do, whether it be Formula One, equally in the same position, golf and tennis.

All of them are part of a campaign to get hold of a fair return from betting and to protect their sports from the challenges, the integrity challenge that they face, and the betting, at the racing, we have had to face up to and have enjoyed for decades and centuries. It is a big challenge.

The kind of estimate made certainly within football, is that of that 20 billion turned over on English football – and by the way it is 40 billion if the other four top leagues are added - German, Italian, French and Spanish. It is estimated that about 60 per cent of that is in the illegal market, but 40 per cent of that is carried out through legitimate activity in various nations for which those sports get nothing. That leads to a certain challenge for us.

There is a lesson for us in terms of how those other sports have created that global phenomenon, and we have it in buckets.

We have to promote relentlessly what we have to bring the world to our sporting spectacle.

I fear that consumers change their habits as markets open up and I think that we have to get our sporting spectacle in the best possible state. It is the sport that matters. It is the sport of racing. That, certainly from a British perspective, is our key focus.

How will we do that ? By partnering with those people around the world who have exactly the same interest, to drive their business together with our business.

English football has been a key cutting edge of new technologies and broadcast across the globe as other sports, the American sports, know just as well.

Certainly English football, the reason why the broadcast deal this time round for three years is £2.7 billion, so getting on for \$6 billion for three years, \$2 billion per annum, £700 million, getting on for \$1.5 billion over those three years is in overseas rights, broadcast rights.

Why ? Because this property, this sporting property, which has been created, which has been turned round in a space of just ten years, is at the driving edge, the leading edge, on a global basis of new technology advances.

That is something we need to get involved in. Perhaps our greatest strength, our link across to betting, is potentially our greatest weakness if we do not take a reality check on where markets are progressing and where the opportunities lay. We have to get out there. We have to talk to more people outside our sport about quite how fantastic it is.”

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