

# AND THEY'RE OFF...

SIMON BAZALGETTE, CHIEF EXECUTIVE OF THE 260-YEAR-OLD JOCKEY CLUB, IS A MAN ON A MISSION TO RE-ENGAGE THE BRITISH PUBLIC WITH THE SPORT OF KINGS. HE TELLS KEVIN ROBERTS HOW THAT'S GOING TO HAPPEN.

**AROUND ABOUT THIS TIME** each year the British horseracing industry braces itself for one of its most important rituals. At stake is the money - the levy - to be paid to the people who organise and administer racing by the people whose bookmaking businesses make millions from their efforts.

The dance goes something like this: both the bookies and the racing industry, represented by the British Horseracing Association, think of an amount they need or are willing to pay, and it is left to the wisdom of The Horseracing Betting Levy Board to come up with a compromise with each side lobbying hard for its own agenda.

At the time of writing, no agreement had been reached so it had not been possible to finalise the fixture for next year's racing.

Now for most sports governing bodies that would be a worrying situation, but in racing it's pretty much the norm. After all, horseracing has been around a long time and although the 'Sport of Kings' has seen its crown slip more than a few times, it has never quite been lost.

But one senses that change is in the air around British racing right now and according to Simon Bazalgette, CEO of The Jockey Club, that's because there simply has to be.

Racing may be an historic sport, shot through with tradition and a vocabulary all of its own, but it has to exist in a fast-changing world where it is competing like never before with other forms

of sport, other types of entertainment and other opportunities for gambling.

Bazalgette is a media man who confesses to have been only an occasional follower of the turf before parachuting in to help sort out the mess that was the sport's television offering back in 2004.

He brought with him a wealth of practical media experience which had seen him head the media consulting department at KPMG before joining Music Choice, a joint venture between Time Warner, Sony, BSkyB and Motorola to deliver the world's first digital satellite music operation.

"At the time racing's television deal with At The Races had collapsed and the courses were anxious to create their own media company," he explains.

The result was the formation of Racecourse Media Group with Bazalgette at the helm as executive chairman, a role in which he launched Racing UK - the consumer satellite channel - and TurfTV, the specialist operation which supplies coverage of racing to more than 8,000 bookmakers.

He had clearly made his mark and his appointment as the first CEO of The Jockey Club in 2008 was hugely significant for the organisation and racing in general.

"I think they realised that they needed to be led by somebody who understood the world of media," Bazalgette says pragmatically.

It certainly marked a realisation that racing had to evolve and that it was now, significantly, if not primarily, a media business which needed to

meet the expectations of its stakeholders and be positioned to take advantage of fresh developments and opportunities in a fast-moving field.

So what exactly is The Jockey Club today?

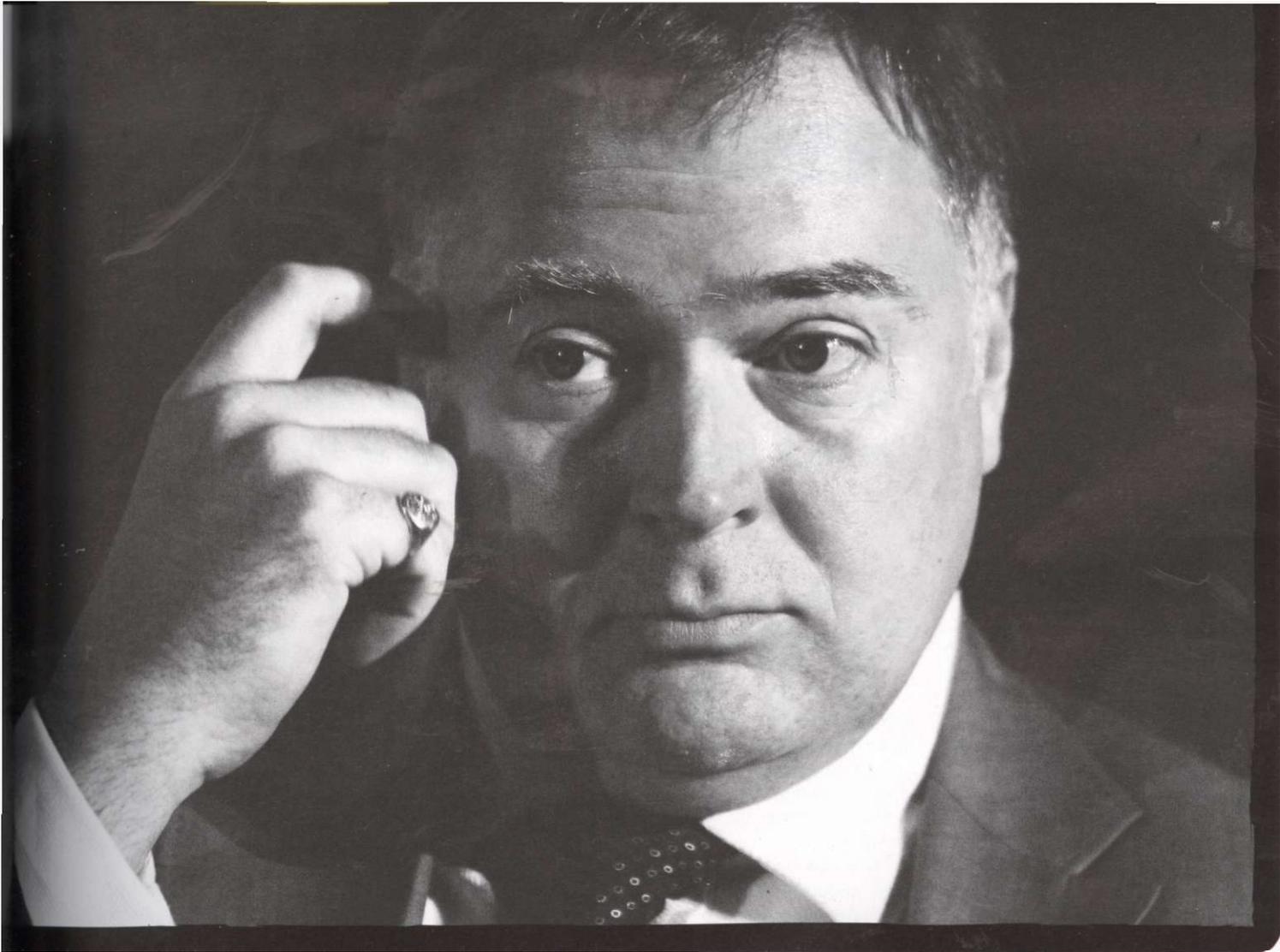
While it still, in many ways, has the sweet smell of its 260-year history, it is not the stuffy gentle folk's club of popular imagining. Neither is it an organisation for jockeys, nor is it racing's regulatory body - a role it relinquished to the British Horseracing Authority some three years ago.

Instead it is a multi-faceted operation involved in the events, property and bloodstock industries. Its four divisions - Jockey Club Racecourses (of which there are 14), Jockey Club Estates (which owns swathes of training land around Newmarket and Lambourn, two of UK racing's major centres), The National Stud (a bloodstock business), and Racing Welfare (its charitable arm) - employ over 550 full-time staff and collectively had a turnover of £100 million in 2009.

Established by Royal Charter it remains focused on its objective to use its influence and assets to further the interests of horseracing and any profit it makes is re-invested in the sport.

All of which means that Simon Bazalgette has one of the most interesting jobs in sport, anywhere in the world.

He sees The Jockey Clubs through the eyes of the experienced businessman: "It is really very much like a public company. We have shareholders on the board overseeing four



Simon Bazalgette - The Jockey Club

operating divisions. It had never really been run like that before."

And ask what the essential nature of the business is and the surprising reply is "turnaround."

"We now have a great group of businesses but many of them, including the National Stud and a number of the racecourses - including Cheltenham, Aintree and more recently Exeter - were failing before they became part of The Jockey Club."

But Bazalgette understands better than anybody that turning around individual business units is not the same as creating an environment in which all can thrive in the long-term. For that to happen, racing must change its relationship with the public and with the business community.

Right now, racing relies on the betting levy for around 20 per cent of its income. But as the betting sector changes and more and more bookmakers move their operations offshore, outside the reach of UK government regulation, the sums continue to fall.

That means racing has to find new income streams from paying customers and sponsors to ensure that the prize funds which fuel racing are able to grow.

"Attendances at our racecourses were up last year despite the fact that we were operating in a tough economic landscape. The fact that increased attendance did not translate into a rise in hospitality income is indicative of that," said Bazalgette,



**Simon Bazalgette**  
CEO, The Jockey Club

Bazalgette became Chief Executive of the Jockey Club, the biggest commercial group in British horseracing, in September 2008 having entered the industry in May 2004 with the inception of subscription channel Racing UK. Its sister channel Turf TV, of which Bazalgette is also Founder Director, launched in 2007 providing coverage from 31 British racecourses to over 8,500 betting shops.

Between 1999 and 2003 Bazalgette was Chief Executive of Music Choice Europe, leading its successful floatation on the London Stock Exchange in October 2000. One of the company's original directors, under his leadership Music Choice rolled out to more than 14 million homes in Europe via satellite, cable and broadband, growing annual turnover to £10 million.

While at Music Choice he co-founded and was President of the European Digital Media Association, an important lobbying trade body based in Brussels. Prior to Music Choice, he spent ten years at KPMG, where he qualified as a chartered accountant before becoming manager of KPMG Media Consulting.

who wants to see a change in the nature of the engagement between the public and racing.

"Around six million tickets were sold for racing last year - making it Britain's second biggest spectator sport - but the level of repeat business was disappointing. Of all attendees, half only come once a year and the average number of visits was 1.3. That said, we would only have to get a relatively small increase in that to make a real difference."

The Jockey Club has worked hard to change the race day experience. A new catering deal has seen food and beverage standards rise across the board and individual courses have been adding a range of concerts and other entertainment to their offerings.

"I still think we need to change the brand values and encourage people to become more engaged with the racing itself," adds Bazalgette. "To many visitors racing is a great day out but the racing is not necessarily the central part. Of course some have a bet and that adds tremendous excitement, but the issue is whether people are sufficiently engaged in the racing itself as a sport.

"The fact that they don't come back often enough suggests not enough of them are."

Racing is, of course, not the first sport to be forced to take a long hard look at itself and consider how it might be reinvented to better meet the mood of the times and the appetite of the public. It certainly won't be the last.

Just look at cricket, a sport commonly

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regarded as being somewhat old-fashioned but which has continually changed and added new offerings to ensure its commercial survival. Look at tennis where both the men's and women's tours have continually revised and reformatted their competition schedules and player commitment requirements to make them relevant and understandable.

"In racing there is a tendency for all but the most serious racegoers to see the majority of races as 'friendlies' and therefore not particularly important," says Bazalgette. "That's because the sport is not structured in a way that helps people understand how the races are tiered and why they matter. We need to be better at how we tier the sport.

"We want people to understand the racing. We want big racing and big stories and jockeys who are recognised outside the core racing audience."

Bazalgette, like others in the racing world, is convinced that at least part of the solution lies in the introduction of a new championship structure for both British flat and jump racing, plans for which are currently being finalised ahead of a launch in 2011.

It's an apparently straightforward concept which would see the creation of a series of clearly-branded races with the mouth-watering prospect of a major new climax to the premier flat season

The final day will crown champion horses over the key distances. And according to Bazalgette, it is a concept which will not only engage the public but provide opportunities to market to commercial partners which might not otherwise be tempted by racing.

Outside the very biggest televised events, racing sponsorship tends to be dominated by bookmakers and businesses local to a particular track.

"Although the championship offers a significant opportunity to the betting industry to generate additional revenue, this vehicle will be used to introduce new commercial partners to the sport," adds Bazalgette.

"The championship has the potential to do for racing what the Premier League did for football.

"The brands I am most interested in are the ones which can see a huge opportunity here. We want organisations who will want to be with us on this journey."

And racing is prepared to go the distance for the brands as well: "We will be active in helping them achieve their objectives"

In the future the championship will be supported by brands with exclusive rights to specific business categories, much the same as in many other major sports.

"The Jockey Club is now seeking exclusive category partners and work is already underway to clean up existing deals at racecourse level to make room for these new partnerships," said Bazalgette, who sees the financial services and automotive sectors among obvious partner categories.

"Although we have worked with brands in these sectors before I am sure there is much more we can do together."

In many respects, the very fact that the Championship proposal is on the table is indicative of the new thinking in British racing right now. Other ideas being floated include the possibility of a team-based racing championship, a made-for-TV Competition targeting Friday night audiences.

For a sport seen as resistant to change, racing has already ticked the boxes on many projects which still sit undisturbed in others' in-boxes.

While re-inventing the sponsorship portfolio is important, Bazalgette wrote in the Jockey Club's 2010 Annual Review that "optimising the potential of media rights remains at the forefront of our strategy for increasing profitability.

He describes 2009 as a 'challenging' year for the Jockey Club but it was a year in which a famous victory was won on the battlefield of media rights.

A judge upheld a ruling in favour of TurfTV in a case brought by a group of bookmakers which had claimed the channel - which provides live pictures from racecourses to betting shops - was anti-competitive.

"The decision appears to have brought the legal action to a close and now allows us to get on with developing the TurfTV business," adds Bazalgette.

In the immediate future that means concluding a new deal between TurfTV and the 14 Jockey Club racecourses through to 2018, providing greater financial certainty after the current agreement ends in 2013.

Bazalgette also says the outlook is bright for Racing UK, the subscription channel which was re-launched after the collapse of its former distribution partner Setanta and which today has

more than 40,000 subscribers.

With a joint-venture with Sky's At The Races to sell UK racing media rights overseas now in place, the only apparent disappointment is on the home front where fewer fixtures are being covered by the BBC - which consequently pays less - and where commercial broadcaster Channel 4's coverage is financially supported by the racing industry itself.

That's a situation which Bazalgette is determined to have altered before the rights next come up for negotiation in early 2012.

"By then we need to be showing that British racing is really worth paying for and that it is worth engaging with a wider audience and generating greater media coverage," says Bazalgette.

The Jockey Club may be a unique institution but the challenges Simon Bazalgette must address mirror those facing the chief execs of the vast number of sports organisations having to compete for attention, engagement and share of voice in an increasingly competitive marketplace.

But one suspects that if anybody will succeed it will be him. He is an innovator who understands media and how businesses should be run. In fact (and he must tire of reading this in interviews) he comes from a long line of innovators. His family was responsible for giving London its original sewerage system while his cousin gave us the phenomenally successful TV show Big Brother. One generation giving, the other taking away.

Most important, he is a realist, summing up the current position of racing in an earlier interview.

"We've got some serious work to do. The problem is a lot of people are coming to racing just because it's a good day out. They wouldn't look at the racing pages or watch it on TV. We can't rely on our position in the betting market which is where we had a lot of historic strength.

"Racing used to be about the only thing you could bet on, and as recently as five or 10 years ago, people would make the investment in understanding it. These days you can bet on more or less any sport. People go with what they are interested in, what they think they understand and where they have a chance of winning.

"We act now from a position of strength but we do have to keep the pressure on and get it (change) done. If not we will have to accept that we are not a sport."