

Connecting with the customers

Asian Racing Conference
Richard Cheung



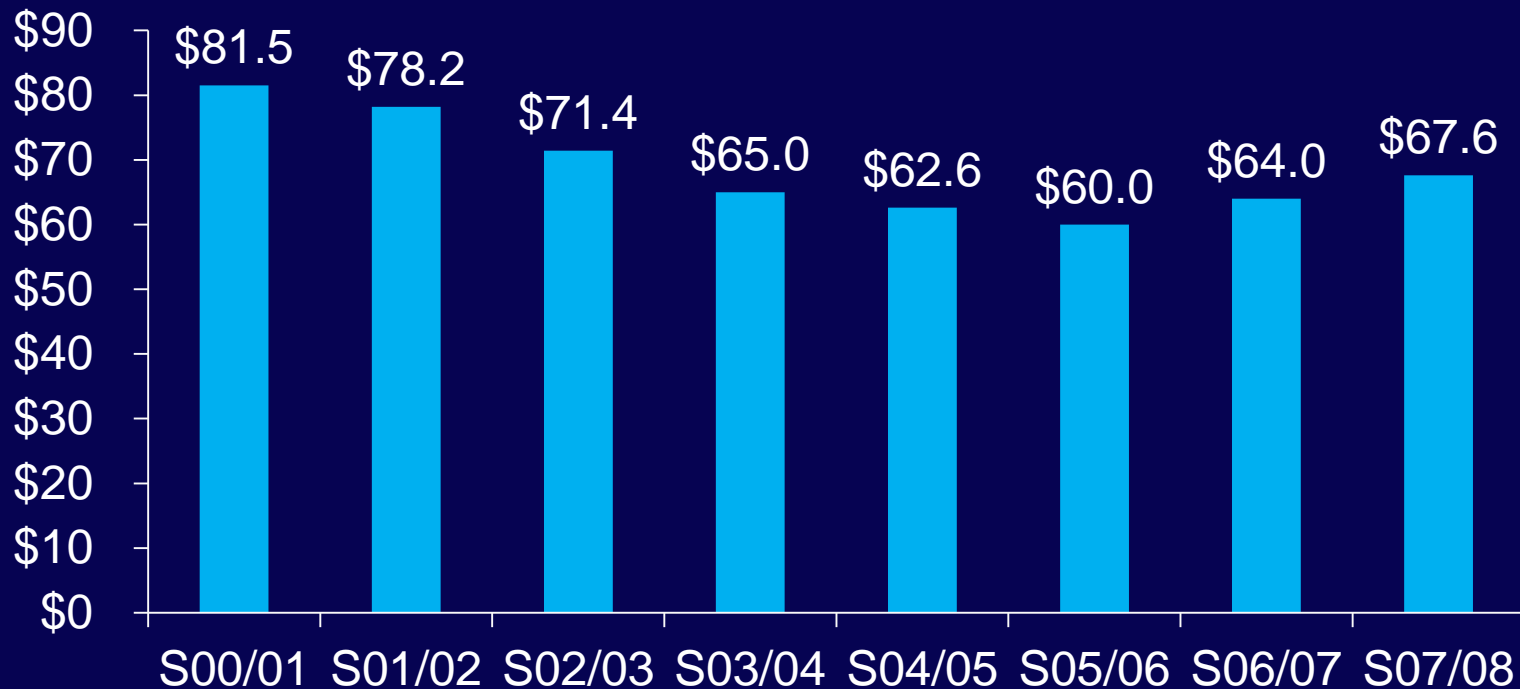


Rewinding 5 - 6 years ago



Turnover from 2000 - 2008

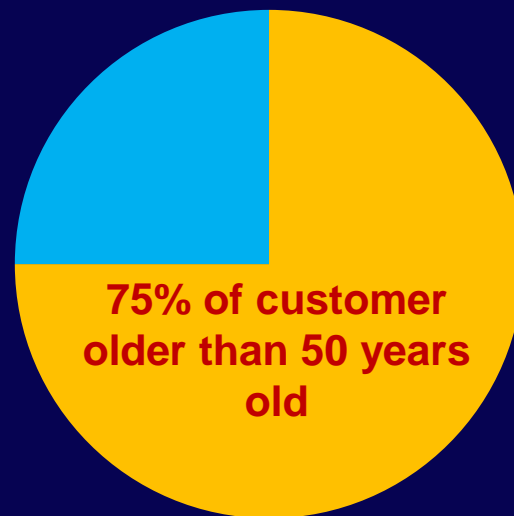
HKD (billions)





Aging customers

As of 2009/2010 Season





... coupled with perception challenge



Perception:

Racing = Betting

Racing = Complicated



Our Strategy

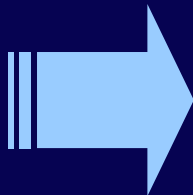


Our strategy starts with segmentation





Coupled with segment-specific levers to connect with customers





The end result has been encouraging





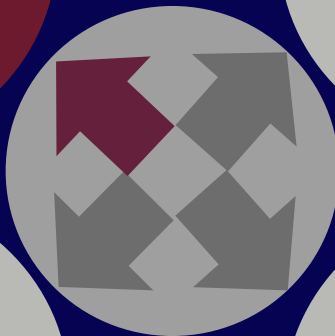
Our Segment-specific Levers

**1. Eventful
racecourse**

**2. Digital
experience**

**3. Big-data
innovation**

**4. Racing as
popular
culture**





Racecourse master plan

For the general public

General

VS.

Very serious





Racecourse master plan

For the owners and members

Luxurious venues





Racecourse master plan

For the young and trendy





Racecourse master plan

For the young and trendy





Besides venues, experience is the key



Target market:

- 25-39 years old
- Mosaic A/B/C
- International



The Happy Wednesday Brand

Trendy



Worldly



Vibrant



Interactivity





Thematic nights and social media



Instagram

facebook



Happy Wednesday video

Play Movie 01



... impactful results in young segment

Season 10/11 – 13/14

↑40%

Young Rookies
Turnover

↑63%

Happy Wednesday
Attendance

↑75%

Happy Wednesday
F&B Revenue

↑8x

Gaming accounts opened
by 25-34 years old

43%

Aged below 35 at Happy
Valley night racing



Extending the racecourse success

New off-course betting branch

Merchandize Showcase

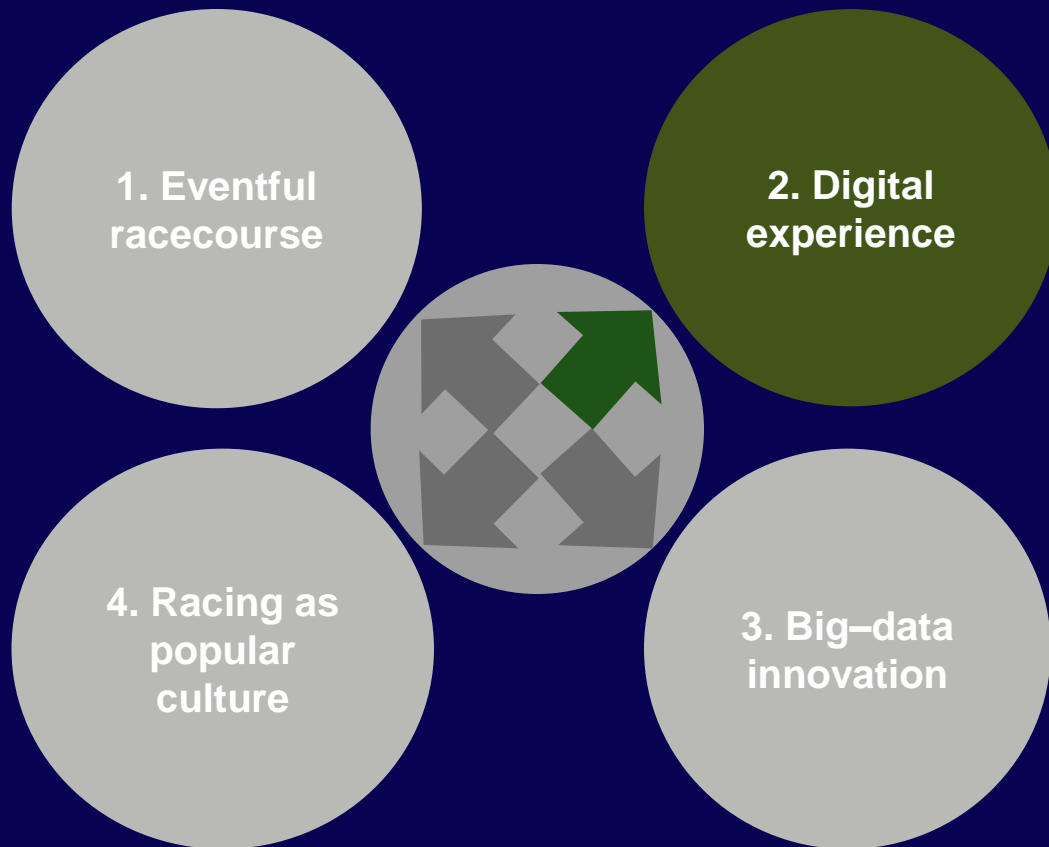


Interactive Zone





Our Segment-specific Levers





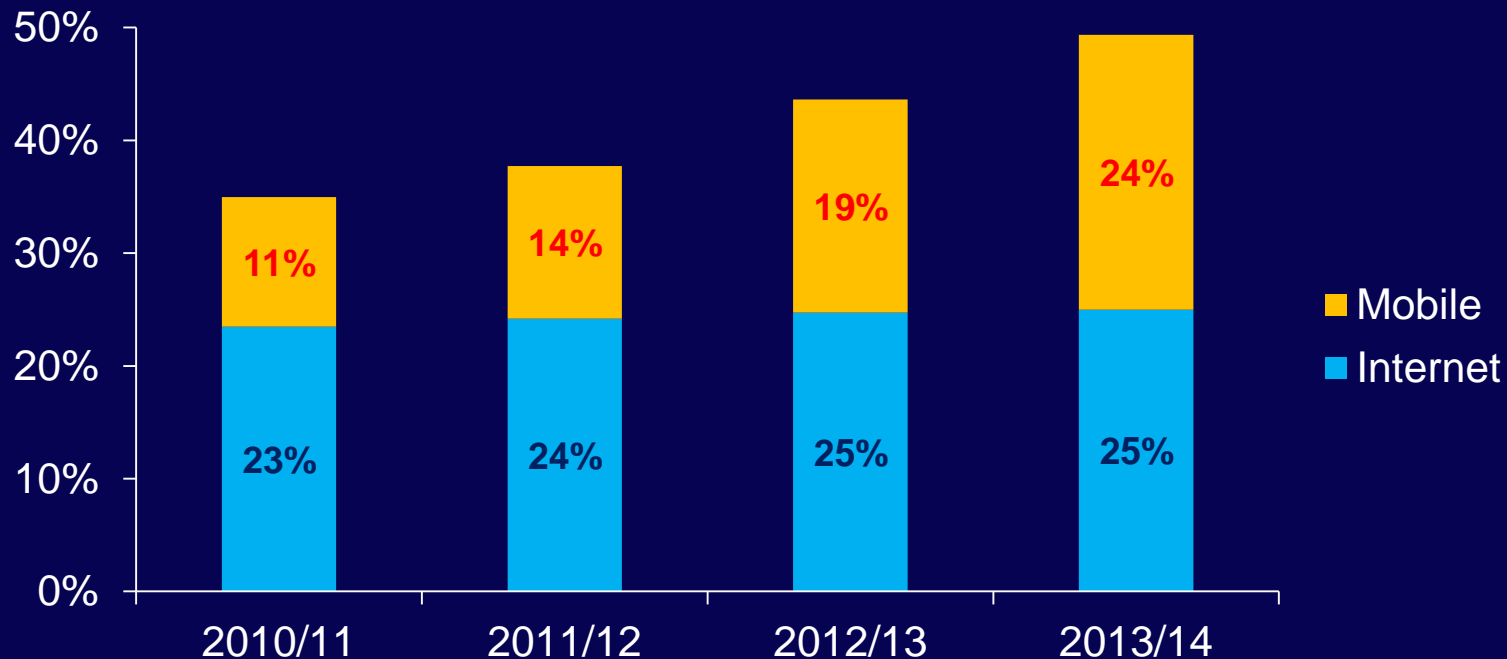
Digital directions to connect

- a. Mobility – for everyone**
- b. Information enhancement – for experienced players**
- c. Gamification – for new customers**
- d. Second screen – for new customers**



a. Mobility

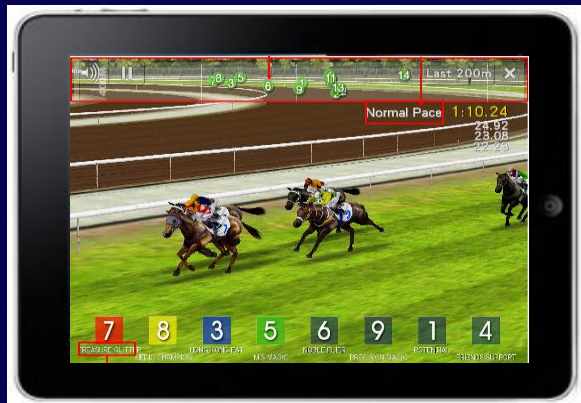
Racing wagering - % of turnover





b. Racing content enrichment

Race Simulator



Raceday Focus

This Wednesday is exactly one month since the Hong Kong Derby. Since then, many of the Derby contenders have had successful outings, and four of them will be back in action at Happy Valley in Race 7, a Class 1 event over the Valley mile. Let's see how they stack up!

Some of the 4YO's that ran in the Derby have since had another run. Derby top-4 placegetters have done particularly well - ABLE FRIEND backed up his 2nd place Derby effort with a win in the Chairman's Trophy, while the 4th placed MR GNOCCHI ran 2nd in the Premier Plate. The fifth placed Derby horse, FLAME HERO (No. 4), lines up in Race 7, a Class 1, 1650m event this Wednesday night at Happy Valley. At the start of the season, FLAME HERO placed second over course and distance. Now six months later, can he go one better and win?

Top 6 placegetters in the 2014 Hong Kong Derby

Position	Horse	Back-up result
1	DESIGNS ON ROME	Yet to race
2	ABLE FRIEND	1
3	DIBAVARI	Yet to race
4	MR GNOCCHI	2
5	FLAME HERO	7
6	WAYFONG EXPRESS	4

Power Figure

Who excels riding at the Valley?

Joao Moreira and Zac Purton

Moreira first-4 rate:

58%*

Purton first-4 rate:

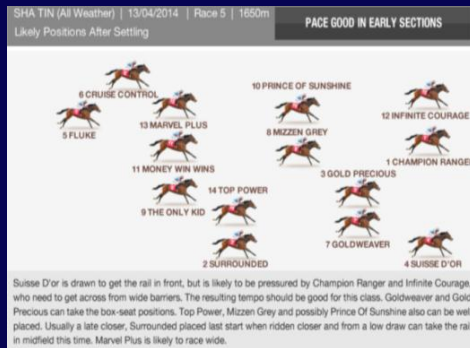
54%*

Inspiration

When contemplating your First 4 / Quartet, consider horses ridden by

Joao Moreira and Zac Purton

Speedmap





b. Racing content enrichment

Dedicated Section



Real - time Happening



Racecard & Odds





c. Gamification

Drag & drop interface





d. The second screen

An app to go with live TV program





Racing touch and 2nd screen video

Play Movie 02



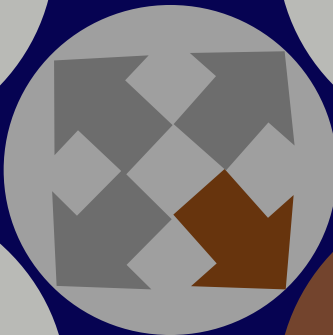
Our Segment - specific Levers

1. Eventful
racecourse

2. Digital
experience

4. Racing as
popular
culture

3. Big-data
innovation





Data - driven marketing

BIG
DATA

Insights & Actions



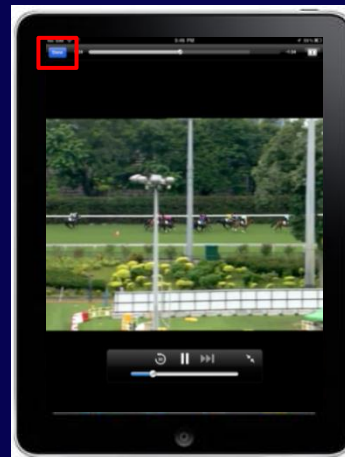


Example: Absenteeism

Leverage on Big Data to address racing absenteeism

Wed	Sun	Wed	Sat	Wed	Sun	Wed	Sun	Wed	Sun	Wed	Sat
<i>Not Play</i>		<i>Not Play</i>		<i>Not Play</i>		<i>Not Play</i>		<i>Not Play</i>		<i>Not Play</i>	

Embed Live Audio / Video Broadcast
in App for **customer retention**





Example: Customer wagering needs

Via data-mining, we have identified the customer changing needs

- Want higher payout
- Don't want to study too many races
- Concerned about last minute odds changes
 - want to “catch the movement”



USD 1.5 million per race



A global first PMU innovation



New way to “win”



\$10

Longitude
Engine



WIN
odds

	1	4
	2	4
	3	4
\$a	4	15
\$b	5	15
\$c	6	99
\$d	7	20
\$e	8	99
\$f	9	33
\$g	10	60

One
Pay-out
4.0

$\Sigma (a \text{ to } g) = \10
* Assume no
take – out rate

- One pay-out for all “grouped” horses
- Dynamically split your bet
- Weighing depending on odds
- Hedge against last minutes odds drop
- Merge into traditional Win pool



Our Segment-specific Levers

1. Eventful
racecourse

2. Digital
experience

3. Big-data
innovation

4. Racing as
popular
culture





Leveraging non-racing media

**40 % marcom
spend on non-
racing media**

Non-racing
media

Sponsored
Races



3rd party
social
platform



Celebrity



Racecourse
Gift Shop



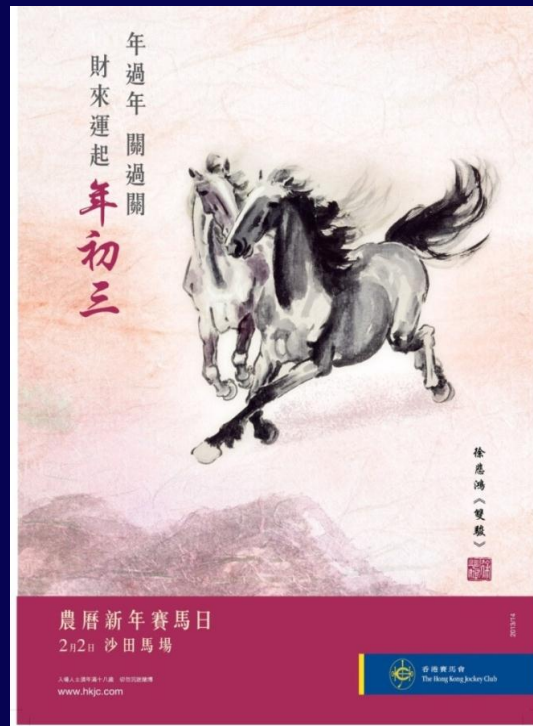


Leveraging art and culture

“Best Digital Entertainment Award” of Hong Kong ICT 2014



**Master Chinese Painter
Xu Beihong**





Our levers recap

**1. Eventful
racecourse**

**2. Digital
experience**

**3. Big-data
innovation**

**4. Racing as
popular
culture**



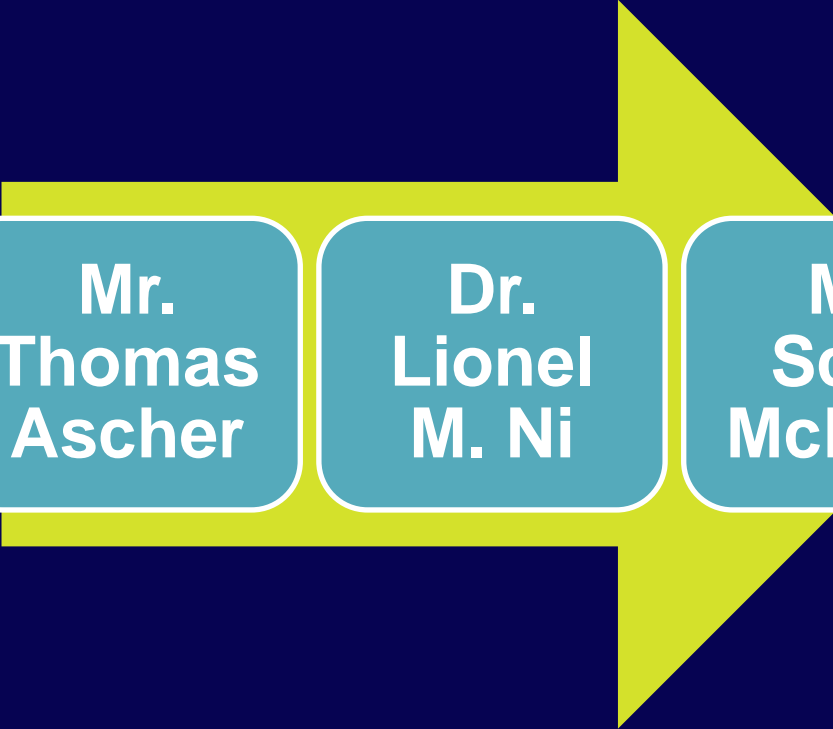


CNY greeting promotion

Play Movie 03



Plenary Speakers



**Mr.
Thomas
Ascher**

**Dr.
Lionel
M. Ni**

**Mr.
Scott
McLeod**