



**THURSDAY, DECEMBER 8, 2005**

**CHANGE BABY CHANGE!**

**Sponsors:**

**Complimentary Breakfast:** Equibase

**Panel Session:** International Sound Corporation

**Speaker:**

**Gibson Carothers,** Writer and Marketing Consultant

**MR. DOUG REED:** Those of you in the back please come forward and take a seat. We're going to get started

Let me get to our speaker today. He has been involved with new product development with a variety of companies. He's worked for companies such as Burger King, Pepsi, Toyota and United Way. He was Vice President and Creative Director for Y & R Advertising and BBDO Advertising.

He's also an owner of racehorses, so he knows a little bit about racing. He has also been on the board of directors of Canterbury Park in the past, so please welcome Gibson Carothers, creative consultant. Gibson, welcome.

**MR. GIBSON CAROTHERS:** Thanks, Doug. You can see I am the panel. I thought about maybe some models up here just to look good, but I'm the panel.

I want to thank Doug and the University of Arizona for having me. When I first talked to Doug about this he said, "Well, how much time would you like?" And I said, "Well, how long is the conference?"

And he said, "Well, Tuesday, Wednesday, Thursday, so I was fairly flexible."

I said, "Well, I can take Tuesday or Wednesday or Thursday," and we settled on an hour on Thursday.

So what this does to me is it means that I have to be organized which is — I blame Doug for this because normally I would just sort of wing this thing if I had all day,

but I really have to be relatively tight. I have to kind of cut to the chase on a lot of issues.

First of all, this is sort of a unique session because I'm going to talk about racing. And something that's been de-emphasized a little bit in the racing symposium. Basically, I'm here to sell you your own product. I'm a horseplayer. That's the most important thing.

If you read the little booklet that says the other stuff about me, the primary thing is I'm a horseplayer. I happen also to be an advertising guy. I haven't given up on the product. I don't mind propping it up with racinos, or whatever, I think that is swell, but when you prop something up, the concept should be it's a temporary prop.

Basically, you then work to strengthen it so it doesn't need the prop. That's what I feel is not happening. I feel like a lot of people in racing have given up on racing. I think a lot of the problems in racing are self-inflicted.

Now remember, try and remember this the whole time, I love it, so some of this stuff I'm going to say to you today you may not think is real swell but the reality is I think it can be improved dramatically through proper marketing. I think it's being marketed terribly. I think the right message to the right prospect can sell anything, even racing.

The problem is that's really tough to do. I mean, I think 30 years ago or something the president, the chairman of the board, whatever, of General Motors made that famous quote that half of his advertising was really incredible, he just didn't know which half.

Well, when I got into advertising people said, "What do you think of that. The guy said half of his advertising is crap."

I said, "I think he's being generous. I think 10 percent of his advertising is probably on target to the right prospect, the right message. He just doesn't know what 10 percent."

So basically the title of this, "Change Baby Change!," I don't mean to pick on the theme line of the NTRA or whoever came up with that. I will pick on it if you would like. I don't like it. I'm not exactly sure what it says. I think it says that racing is exciting.

Racing is exciting if you know how to play it, otherwise it's a bore. It's really exciting if you have got money on it and you know what you're doing, then it's great.

So basically I look at the market conditions today and I say they are great. You've got great market conditions. Gambling is really acceptable now, socially acceptable. It's not trouble in River City. It's economic boom in River City. It's the information age.

Isn't that great for racing? Isn't this basically an information deal, you gather all of this information, make an intelligent choice. Technology. All you have to do is walk through here and look at all the technology improvements.

You are combining betting machines and ATMs. I mean, that's just certainly healthy distribution. I think it might be great in America. Of course, it's a personal thing I like, but the fact that the country is getting older, I wouldn't run from that. I know you all want 20-year-olds betting all the money they have at the track, that's fine, I would, too. But I don't mind that the country is getting older.

Most people have time and they have money. So I look at the market conditions as great. What does racing say? Ah, man, market's tough. So much competition.

Competition expands the market for you. It's bigger. All you have to do is beat the competition. The problem I see is racing is running from the competition. Oh, my God, competition! Help us! Or you're joining the competition. That's okay. I don't mind the props, remember.

Basically, the way I would start something like this if I was talking to — I didn't work for Burger King or for Pepsi, I worked for the ad agencies that worked for those companies. The first thing I would be saying is, okay, who is the prime prospect? Who is the prime prospect for racing but, you know, I can't start there with racing because with racing, believe it or not, you have to start with what's the product.

I have been in the business a long time. Believe me, half the clients don't know who their prospect is, but I haven't run into too many who didn't know what the product was.

And racing, I mean, let me give you some examples here. A long time ago when racing could think anything they wanted because they had a monopoly, they really referred to it as a sport, the Sport of Kings. It is a sport. I mean, I read Red Smith's columns. I know the jockey's a great athlete, I know the horses are great athletes.

You can't sell that as a sport. Forget it. Even the sports page has figured out you're not a sport. So can't do it. Not a lot of shoe contracts. You've probably noticed that.

Then there are the favorite product category that racing has come up with. Racing is entertainment.

Well, I've got to tell you, I go back to what I said at the beginning, I think it's boring, I don't think it's entertaining unless you know how to play, unless you know how to play the game. That's obviously where I'm going. I think it's a game. It's got to be marketed as a game. It's the best game. It's a great game. Terrific game. Don't run from the competition. You've got a better game.

All those positions racing has to face and mesh, go inside the game, don't be afraid. Also on Toyota, this, guys, is going to date me, I was incredibly young, believe me, they didn't want to say they were Japanese. They ran from the fact that they were Japanese.

Toyota. I think everybody knew they were Japanese. But Japanese back then was cheap copies, so we don't want to be Japanese.

There's some other problems before I can even get to the basic way to do good advertising, good marketing. What's the name of the product. That's interesting. I don't even know what the name of it is. I mean, I know what the name is but I can't tell from the way it's marketed.

By the way, I'm talking about two different levels there, and I'll switch around and probably be terribly confusing. I'm talking about racing as a category, and then there are individual tracks, ideas on what they should do, too. But the name is not the NTRA. That ain't your brand. Or the TRA or the XYZ or the PTA, whatever all of them are, or the Breeders' Cup.

The brand — by the way, that is a term I do not like because I think you can get 25 really good ad people up here that will tell you a slightly different definition of what brand is — but the name is horse racing. That's what you're selling. That's the name of the game. So now we've got a game, and it's called horse racing. Big progress.

The other two things that I think racing has to face before they can have good advertising is a mindset. There are not a lot of guys that consistently shoot below par on a golf course. I mean, three-quarters of the time below par. There are a few hundred that can and they are usually on something called the PGA tour. They are people that can win at this game.

So all this garbage that racing puts out for so long — I mean, I heard Charlie Whittingham say, "Well, of course, you can't beat the horses."

Don't say that. Remember, you're selling a game. Don't say, come on and play the game, you can't win but come on, let's go, let's play.

You can win this game. You can beat it. You can over a period of time. And once you get a more positive attitude that some people can win, I know some people that are winning, then you can address the Rockies, that's what this has been become in racing, and that is the dreaded learning curve. We can turn the learning curve into a speed bump, not the Rocky Mountains. Americans will work hard if you pay them.

That is why I don't know, I wrote an article in the Horseplayer Magazine called The Carrot That Can Save Racing. The carrot is money. You need an incentive. You play this game to win money and you can win a lot of money playing this game because you've got all these exotic wagers now that pay off enormously.

So I think the incentive — Thomas Jefferson had the great quote, you know, "The harder I work, the luckier I get." That's a good quote for racing in terms of handicapping. It is an effort. It's not as if you're worried about this short attention span that people have today, but I don't see that in poker. I think poker is you play eight hours at a time, so I'm not worried about that, just like in the information age, look at all these fantasy games.

Boy, if you're going to win at fantasy football, you better be pretty sharp in keeping up with all the facts, figures, information, injuries.

So if we can get through these sort of problems, it's a game, it's horse racing, you can win at it, it's not that hard, folks, or at least it's damn well worth your effort and time because you can win big bucks.

Now, you've got that box of cereal out there. I can sell this thing. Now, give it to me and I can go sell it, and the first thing I want to know, who is your prospect, and I don't care how old he is. I don't care if it's a she. I don't care if they are blond. I don't care what they do for a living. Quite honestly, I don't care about any of that stuff.

What I want to know, what I think the prospect is is gambling. People are gambling and, guess what, they are playing other games and, guess what, those games aren't as good, in my opinion, so I want to take them on.

So your prospect to me is gambling. Now, you've probably heard here, I've been to a couple sessions where they talk about the 80-20 rule. That's always kind of interesting for me to hear because I was vaguely involved, I was sort of post this, but at BBDO, where I worked for a long time, they were damn proud of the 20-80 because they are the ones that developed it.

It's a beer. Came out of beer research. Twenty percent of the beer drinkers drink 80 percent of the beer. As a result of that information doing Shaefer Beer account in New York we did a campaign, "The one beer to have when you're having more than one."

Well, guess who we're talking to? We're talking to the prime prospect and the prime prospect for beer, by the way, a six-pack or more a day. So there's your heavy user. So when you talk about gamblers, I'm not talking about somebody, you know, has gone to the track or has gambled three times in the last year. My guess is it's probably somebody — you can either do it on bets or visits but it may be three to five visits a week to a casino. It may be eight to 10 bets if you figure a lottery is a bet — obviously a hideous, terrible bet, but it may be in terms of the number of bets, football games, lottery, casino, maybe you qualify as a prime prospect.

So I want to mention one other thing. You've got a silver platter right now, in my opinion, at least for a big segment, potential of the market, and that's poker players. I mean, if I was racing, I would be sponsoring the World Series of Poker.

Why are they attracted to poker? Why are all these people attracted to poker? Because it's easy like pulling a handle on a stupid machine?

Obviously that ain't it. It's hard. It's a tough game. It's a skill game. You've got to use your head. So I think they're attracted because of that. I think they are attracted because they don't play against the house. Racing, you don't play against the house.

A lot of similarities, a lot of things, so I go after those people. I go after them heavy duty. It's interesting, one other quick aside in terms of another example. A long time ago the agency I was working with got the Winnebago account. When we got the account they were doing television advertising. They were advertising primarily on NFL Sunday football.

And they were spreading, they were universal also doing Saturday college football. Now, the first thing I asked the president of the company, I said, "Well, you know, why all the football advertising?" Well, the answer indirectly was the president of the company really likes football and he watches a lot of football.

We did research on who the prime prospects were, and guess what we found out? Eighty-three or 84 percent of people that bought Winnebago's already owned a recreational vehicle. Now wait a minute. We're not talking about a little camper thing on the back. Where do you think they were on a Saturday or Sunday? They weren't at home watching the football games. They were out camping and fishing and hunting and whatever you do in those things. And that's back before probably all had sophisticated TVs.

Point is, by the way, we put together a program where we only advertise on Thursday night on television because Thursday night those people are sitting there saying, "God, I wish we were leaving in that thing tomorrow," so we hit them at the right time.

We know the prospect. Now we figure out what is it. So the four-point process — I should have said this earlier — who is the prospect? What's the prospect's problem in the category? We know the category now is gaming, or we sort of jumped to that. As a group here we decided that. What's the problem?

Three, how can our product solve the problem. Four, turn it over to somebody like me who supposedly is going to be creative. Give me all of the first three, I can't blow it, I can't even screw it up. Usually you don't get to that point. I mean, no advertiser does.

But right now because I can't do problem tracking, you know, at this point I have to guess where problem tracking might show up for the categories. I know one thing, one problem they are all having, they are losing at their game. So that's a problem we know for sure. Maybe they don't like playing against the house. Maybe they don't like the color of the carpet.

When I worked for Burger King we did problem tracking. That's to try to find the problem. Guess what we found out. They don't like — people, going way back — by the way, these little case histories are incredibly proprietary so I'm using old examples so that no one will yell at me when I see them the next time if I use a recent example that they can't show off.

Did research among the category fast food restaurant. What's the problem. Burgers are too small. Burger King introduced the Whopper. Creative. Takes two hands to handle the Whopper. Result, Burger King gets on the map. Five years later Burger King does the same research. By that time McDonald's introduces the Big Mac.

Interestingly enough, they don't copy it real fast. They just hate to have to copy. You're playing with the egos of these big companies. It's great. Five years later the same research. Guess what? Big size hamburger isn't a problem. Doesn't show up at all. What showed up? I don't like it when it comes with pickles and onions, so Burger King responded, made a huge operational change and did the "Have It Your Way" campaign. Probably the single most successful advertising campaign that I have certainly ever heard of.

One other quick example. Gillette had a really successful deodorant called Right Guard For Men. So they said, you know, let's try and get a really good deodorant for women. So they went out and did problem tracking. You know, believe it or not, a lot of you here may have paid for this, paid for research to find what do people want in your product. You know what they want, they want what you have been telling them they want, so you're wasting your money on that research and that's majority of the research, they want friendly tellers at the bank.

Well, that's because the banks advertise that we have friendly tellers. What you want to know is what they don't like. So then you find out, oh, look at all this, problem shows up a lot and they rate it on a scale of one to 10. Well, with deodorant guess what women didn't like. It stung them.

Well, Gillette didn't have an answer for that until they developed Soft & Dry. And now tens of billions of dollars later they are real happy they did that research, so it's solving problems. So racing has to try to figure out what the problems are and how their game can solve those problems and, boy, although I'm guessing at what those problems are, they sure seem to fit really nice with a solutions that racing has. There's great potential there.

I can get into creative — I will show you, you will not be able to see them but I'll show you anyway, some ads, some layouts that I did primarily just for this Horseplayer Magazine to give you an idea of what I'm talking about, and if you really do want to see them afterwards you can come up and grab them and take them home or whatever.

Remember, the idea was the carrot is the key. The amount of money you can win. That's going to make me want to play the game. I'm not recommending print. This just happens to be a way to show it and I know you can't see it but, hey, it's better

than these PowerPoint things, you can't see them either. These are pari-mutuel tickets, thousands of them.

This says, "Over a hundred million dollars in winning tickets every weekend. The name of the game, horseracing. Are you playing?"

I don't even know, maybe we bet more, I'm guessing here, hundreds of million of dollars. You get back 80 percent. One hundred percent. I want a piece of this pie. Do you? 100 percent. What if you're a local track? What if you're a small track? What you do, I don't know, make it up, \$800,000 in handle on a weekend, Saturday and Sunday. \$600,000 in winning tickets every weekend. Are you playing? Got no horses running around in circles here.

They all became millionaires in one day at the track. These are Pick-6 winners. That single marketing development in my lifetime, I have been playing since I was five in racing, still people don't like it, man, what about the churn, ties up all that money. But you know, it keeps people going to the track with that.

One interesting deal, Santa Anita, I don't know when, I'm not good on years, 15 years ago, 20 years ago, I don't know, decided they were going to stop the Pick-6. So they did. No Pick-6. You know why, well, being won by all the big players. God help us, we don't want big players, right?

Won by all the big players. Poor little players, they can't win. They bet \$8, they lose. Well, it was out of commission for two weeks. Now, I don't know this for a fact but I'm going to take Cliff Goodrich at his word, when they reinstated the Pick-6, guess who had complained? The small bettors.

Why did they complain? Because everybody needs a dream. That's why they are there. Take that away from them and they'll stop coming at this point.

You've got a satellite facility at Del Mar, you know, 8-1 shot wins the first race and knocks out 90 percent, that's only and 8-1 shot, I've got 90 percent of the people there. You know what they are saying? Carryover. Carryover. So it really holds people. It is a very, very attractive marketing tool. But don't be shortsighted, don't get too hung up on churn, stuff like that.

It's a great market. You have so few. If you had a ton of them I would say, hey, screw it, but you don't.

They became millionaires in one afternoon at the track. Are you playing?

Well, no, I'm fishing.

Fishing, what the hell are you fishing for? Why aren't you playing? You want to fish? Do you catch and release? You don't release this.

Superfecta, the bet that lives up to its name. This would be a winning ticket from the Derby. Amount bet — this is an actual — I think it was done at the Meadowlands — \$120. Amount won, \$845,253.50. Nice day at the track. \$120. That's a lot of money. Try to find a table under \$25 in Vegas right now to play a stupid hand of blackjack in about a half a second. Buy into a tournament to play poker.

In terms of individual tracks, I'd do a winning ticket gain.

What time is it — we're cool.

I'd do a winning particular it campaign. TV, I would have people just holding their tickets and their money. I don't want them to speak because they are not professionals but, you know, I have a \$2 exacta box. It won \$428. \$16 Pick-3 ticket \$14,000. Show them holding the tickets. You can show them jumping up and down like crazy for the last 50 years in commercials. Why are they jumping up and down?

Now, that also reminds me in terms of the NTRA commercials, one of the best things they ever did was a line in a commercial, 9 of 10 people jump on it — pay the lady. Pay the lady. You win at this thing? You win money? No, it's a gamble. It's an animal thing. Like a dog show.

Also, I would definitely look at comparative advertising. You know, come out. That kind of stuff. Lottery. Oh, let's see. Six numbers out of thin air on a ping pong ball. Pick-6, think, work, 6 numbers, win big money, millions of dollars. Advantage, horse racing. Slot machines versus horse racing. Slot machine, lady luck, you're in the palm of her hand and usually it's the fist. Horse racing, just need her on your shoulder. Advantage, horse racing.

Poker. You know that you can enter these tournaments and win a million dollars? You can win over a hundred thousand dollars. I don't know how many tournaments there are. Are there 50 tournaments a year. Does that mean you can win a hundred grand? Guess what? Every day at the racetrack with the Pick-6 in Southern California, primarily, carries over to other places, advantage, your product, horse racing.

Now, one of the reasons that you might possibly have heard that I might say negative things is because as excited as I can get over what you can do is how annoyed I am on what you do do. Do do, I like that. Let's see. Free aprons, huh, come on folks, get the free aprons. Free T-shirts, free mugs, free umbrellas. Something that's really going to turn you on to the game. There's nothing like an umbrella to sell you on horse racing. How about a wall clock? How about a cap?

My personal favorite, family day. Pony rides. Face painting. We're going to get them when they are really young. You know, Vegas — might want to keep your eye on Vegas. They pretty much know what they are doing. They tripped up about 10 years ago. Do you remember? Family place. Why they thought that was because of

tribal gaming. There are going to be casinos in every state. So we're out of luck. Who is going to come to Vegas when they can gamble everywhere.

The market's going to grow. Great. That's kind of like racing. Gaming market is going to grow. So, hey, we've got water slides, come to Vegas. They did it for one year before they realized how incredibly stupid it was. What are they doing now? What goes down in Vegas, stays in Vegas, or whatever the hell it is. Great campaign. Right at the target.

If you're gambling, you know, in Mystic Lake Casino, you know, in Minnesota, you want to go to the real place. You want to go to the promised land. You want to go to Vegas. So it's helped Vegas. It's creates gamblers. That's why if I were you, I wouldn't be afraid of all these other things, Internet gaming, exchanges, oh, my God, build a market, let them all come. You've got to figure out a way to make money off your competition.

And, first of all, the key thing is why they are jumping can help you at the track. Just showing people jumping and yelling. Why? You know, I started out by saying some of these wounds are self-inflicted. Seems like I saw someone who said I lost my enthusiasm, and I think that's a little bit of why I sense in racing, I think why. Why has that happened? Why?

And I think part of it is that everybody's just been so beaten up. Racing is just sort of a loser. Keeps going downhill. Maybe it's just everybody is kind of beaten up a little bit.

It's also, quite honestly, because a lot of people in racing, a lot of influential people in racing, a lot of powerful people in racing didn't come about, didn't gain their influence and power by being a customer of the game. They came about it in another way, which is fine, they still don't play the game.

Now, one of the reasons that they said Vegas was so successful is because it was built by bookmakers. They know the game. Guys that grow potatoes — change it to oranges — they eat potatoes. They eat them fried, they bake them, they stuff them. They know potatoes, they use potatoes.

A lot of people at the track don't bet, and I think if you don't understand where, what the game is about, if you don't have a love for it, playing, then I think it's a little bit easier to throw up your hands when things turn south.

Now, because I can, I'm going to make some other comments, start to see what I think advertising the product, how that can impact. I really think if you realize what it is that it's in the right order, I mean, I really think you can just grow this business, and if you prop it up in the meantime that's fine.

I want to make some other comments that are less direct marketing comments. The Breeders' Cup. First of all, I want to endorse an idea my son had. My son is on TVG, by the way. And that is, it would be nice if the Breeders' Cup could create a

system of fun for repeat winners. Now, you've got to have a huge fund, \$5,000,000, \$10,000,000, big enormous pools to generate public interest. Maybe get some 2-year-olds to run, they're afraid if they run in the Breeders' Cup, they can't possibly win the Derby. Also, TV coverage. Racing has got to start dictating to the networks who usually don't know diddly about covering racing. Bob Costas, he doesn't know anything. He said, "Hi, I'm Bob Costas, I know nothing about racing."

Two hundred twenty-two million dollars I think I heard the other night was bet on the Breeders' Cup. Did you hear them talking about it during the broadcast? Half-time of these football games or basketball games they bring out some guy who they've picked his number and he shoots from mid-court.

Do you really care if he makes that? You know, why you do care? Because if he makes it from mid-court, he gets a million dollars to hit one shot. That adds drama. I want to tell these people \$2.2 million is now bet on Lost In The Fog. Oh, my God! People around the country bet over two million dollars on Lost In The Fog, or whomever.

I also want to stress the payoff, so when you have an \$826,000 superfecta at the Kentucky Derby you're sure that they are going to go on and on and on about that as opposed to asking the rider how does it feel when he came around the turn and knew he was going to win. That's the favorite question now.

Almost all race coverage is worthless in terms of building support for the game. So, anyhow, get some money aspect of it. Have three guys, three great players, and you can choose them on how funny they are or how well known they are or whatever and give them \$2,000 to bet each race and have somebody at home that won a contest play along with them. Get the game into the coverage.

Another comment I want to make is about simulcasting. I was around when simulcasting — racing, of course, fought simulcasting. At least that was my experience. Thank God you lost.

I don't like the term simulcasting. I don't know what it is. Does it mean anything to anybody here? To me it reminds of, you know, the astronauts on the moon, they don't really, can't show them, they have something called simulation, so to me it sounds a little weird. Sounds like it's phony racing.

I'm not suggesting at this point you change the name, although it might be a good idea. I like tele-racing better. I've got a good idea. If I go outside and find somebody on the street, they don't know what tele-racing is, they can figure it out. They might know it's a horse and tele-racing, let's see, horse racing on TV, they can probably figure it out.

But what I want to tell you about it is don't slough it out. It might be as good a product as live racing is. It may be a good enough product; it's an introductory product.

I never thought that. I used to think simulcast players come from live racing. I'm not so sure. Simulcasting experience is faster, more action, more tracks, if you think that's a problem, and in the beginning it might be for people. You don't have to spend much money, usually. Go to simulcasting. You sit down.

So all I'm saying is I wouldn't say we're going to advertise live racing and kiss off simulcasting.

Now, in terms of racinos, I just have a quick comment: integration. If you get a racino, first of all, it's your moral obligation to try to convince these clowns that are playing slot machines instead of horses, they are losing their money on a bad bet.

I told Randy Sampson at Canterbury, they have got a racino there, I would put the path to the track right through the casino. You leave the paddock, put up plexiglass and have the horses go right through the casino. Integrate the facility. Don't build a separate building over here and then basically let racing not get the energy of the system.

Also, in terms of the Internet, it would be great if the NTRA, somebody like that, would get an Internet site where you have the past performances of two or three races. Of course, you could click on and find out what all the different terms meant, then you make your pick. Then they run the race and then somebody comes back on and tells you what happened, why the horse won that won. You can push your number again and find out what happened to your horse and what he didn't do.

I think if you change that every few days or once a week or whatever, I think as soon as people had some luck or as soon as they hit some things or they started to learn it, they can learn it on the Internet. The Internet is an incredible learning tool, so I think that's a really important thing for racing, too. That's an incentive marketing move.

I think HRTV and TVG are great. I wish they would be a little bit more like a model of the Financial Network.

But if I'm going to have any questions at all I'm going to have to cut it short here. I'm going to conclude the bottom line, what did I say today? Don't fold. Don't give up. You've got a really good hand. Don't be afraid of new things.

I did a cartoon — I'm kind of a joke writer for a living. I did a cartoon once. Kind of a mother standing behind her child at the computer. His comment, "Look mom, I'm flying a kite." Well, I think that if he's flying a kite on the Internet, he's going to want to fly the kite for real. And I think that if you play poker on the Internet, you may not become a Moneymaker or whatever his name is who ended up winning the world series, but you're going to want to sit down at the table at some point. You're going to want to come to the track. You're going to expand the market.

Just remember this, you can't show off that IRS write-up if you're home alone in your room and you're winning. You've got to be at the track.

So with that, I'll open it up to any questions that anybody may have or comments or whatever.

**A VOICE:** I agree with most of what you say, sir. But don't you think that the stupid direction of America is making the pool of people that your theory can draw on just too small? People don't want to think, and I'm totally on the opposite side, but ka-ching, ka-ching and you get these glazed looks on these 60-year-old people.

We have fans, you can't be a fan of a slot machine, but that is the way most people want to go. Is there — are there enough thinkers left to come around to your philosophy?

**MR. CAROTHERS:** I tell people — like on my birthday, it's not just that I'm getting older and wiser, it's everybody else is getting younger and dumber. I hear you and I don't — do I know for sure? No. Is racing — I mean, yeah, is racing, is it fishing and racing, fly fishing? Is it more fly fishing than cane pole? I don't know. I think the market is bigger.

I'm encouraged by this enormous flood to poker. I think people realize that it's a heady game. I think that it appears simpler, that's for sure, particularly Texas Hold'Em. It appears a lot simpler, but I think they're getting the sense that it is a harder game, so I'm encouraged by that.

I am encouraged by a lot of young people that I happen to run into, but I may have a bias there. I understand what you're saying. I can only hope that the market is there. I think it's there, and I think the incentive — that's the other thing about tournaments, you hold tournaments not because you hold tournaments because if I watch that tournament or if I hear about that tournament, you know, that's the guy down the street that won that \$30,000 tournament, he's a plumber. He's not an MIT engineer or something.

So I think tournaments start to create the fact that it's a game that anybody can play. It shouldn't intimidate. It would be nice if in the beginning if we take some of the raw data and turn it into information, translate the Racing Form in some fashion for people. Particularly if you can get a writer to do it in an entertaining way. I think that is kind of cool. It's a good question. I hope you're right and your instinct is not right.

Anybody else?

**A VOICE:** Maybe you can answer this.

**(A question was asked)**

**MR. CAROTHERS:** I'm sorry. I didn't hear you. Interpret. How do you sell the sponsors? How do you sell the product to sponsors, sell racing back to sponsors for more than an hour?

It may be another hour. But first of all I think the key thing is that they're starting to figure out, again, poker is leading the way with gambling acceptability. That's one of the big obstacles, is it honest gambling, but I think those barriers are getting broken and I think a lot people who gave up on it because of that a long time ago should revisit it and go out and say to some of the companies that are sponsoring now that it's worthwhile.

Somebody in the NBA — I get nauseated, "this free throw is brought to you by," you know, but I think racing, I think in terms of camera, the photo finish, there are some clever tie-ins, but I think just getting the people, getting major sponsors to maybe sponsor races or whatever, I just hope the barrier is coming down and hopefully more television coverage, more intelligent television coverage would help that, too, but interest is important, so.

**A VOICE:** Wondered if you have any thoughts about how we present our product? What are your thoughts on helmet-cams on jockeys or is there anything in that area that they can do?

**MR. CAROTHERS:** I'm sure you can make it, you know, I'm sure you can cover it from a more exciting standpoint, but I do think getting involved in the amount of money gets people interested. Again, the carrot, I think, is a big incentive.

You know, well, by the way, did everybody hear the question? I hate to be answering a question that maybe nobody heard. I don't know. Come up afterwards and let me think about it in terms of exactly why I say that in terms of how I change the presentation, but I do think that knowing that ordinary people can win, I do think that's important, and it happens in poker, I think that's a big aspect of it.

I agree the small camera was key, television coverage was key. There may be ways to create tournaments that have a certain amount of drama and excitement in them that can keep the viewer.

There's kind of an interesting concept where you have to bet half of your money, so if you start out with \$2,000, you have to bet a \$1,000 on the first race and then you lose, you have to bet \$500, whatever receipts go down, but if you win \$20,000, you have to bet the \$10,000. It creates a lot of drama and I think that might be a way of — somehow you have to figure out to do it and it ain't the way ESPN did it. That's for sure.

Anybody else?

**A VOICE:** So if you were in charge of Del Mar today, what would you do?

**MR. CAROTHERS:** The question was, if I was in charge of Del Mar today, what would I do? Well, first of all, obviously I'm not going to answer that because there's probably somebody from Del Mar here, but the first thing I wouldn't do if I was anybody else, I wouldn't look at Del Mar as a model, and the reason I say that it's

not is because I think they are doing the wrong things. I think they are in a unique position in the marketplace.

I mean, in Minnesota, another market I know well, if people from, you know, Mankato that don't know anything about racing come to the track they bet \$2 across the board, at Del Mar it's the wealthy people from Arizona and Nevada escaping the heat to their fourth home in Rancho Santa Fe, they don't think anything about it, they bet \$200 across the board. I think they've got an incredible set-up there, beautiful site, vacation, I mean, they have that tremendous market to draw from, so I'm wouldn't draw any conclusions from anything they are doing.

And can they do better? Yeah, I would change it quite a bit in terms of selling the game, which I don't think they do, but they are successful at what they do so I certainly don't want to knock success. But I think they are an extraordinary exception.

Chickened out a little bit on that answer, but that is fine.

Anybody else? Then you're free to leave.

**(Applause)**

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