

SIZE MATTERS

The impact of field size from a horseplayer's perspective



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Presentation Outline

- ▣ Why I was invited to speak and why you should be interested in what I have to say
- ▣ The 2 main types of horseplayers and what motivates them
- ▣ How field size affects the horseplayer
- ▣ Summary

*"Money won is twice as sweet as money earned."
Paul Newman in the movie "The Color of Money"*

A Very Simplified Business Model of the Racing Industry



Owner



Trainers



Race Horse



Breeders



Horse



Jockey



Horseplayer



Wager



Track Operators

The Two Main Types of Horseplayers

▣ Recreational

- Racing is a hobby, primarily entertainment
- Main motivation is the intellectual challenge of handicapping and the thrill of making a big “score”

▣ Professional

- Big percentage of the handle but small fraction of horseplayers
- It's a job
- Makes a living betting on horse races
- Grinds out a profit using a slight gambling edge and rebates.
- Primarily motivated by long-term returns
- Achieves those returns by uncovering slight inefficiencies that create a betting “edge” in wagering pools and leveraging those through large wagers

How Field Size Affects the Recreational Player

- ▣ Field size affects the recreational player in two main ways:
 - In general, smaller fields create less challenging races to handicap and are much less appealing
 - Smaller fields also lead to much smaller payouts and very little chance for a big score
 - ▣ There are 360 possible superfecta combinations in a relatively small, 6-horse field. There are 11,880 such combinations in a 12 horse field!

*"I'm king of the world!"
Andrew Beyer, "Picking Winners"*

How Field Size Affects the Professional Player

- ▣ Field size affects the professional player in two main ways:
 - In general, smaller fields generate smaller wagering pools, which limit the amount a professional can wager
 - Smaller fields also tend to generate fewer significant inefficiencies in betting pools

*A horse! a horse! my kingdom for a horse!
(or at least 8-12 of them in every race...)
Modified from William Shakespeare, "King Richard III"*

Summary

- ▣ The main product a racetrack sells is a “wager”
- ▣ The primary customer who buys those “wagers” is the horseplayer
- ▣ Key to success for the racing industry is a better understanding of how to make the primary product – “a wager” as compelling and appealing as possible to the primary customer – “the horseplayer”
- ▣ Size matters!
 - Recreational horseplayers care about the intellectual challenge of handicapping a race and the opportunity to make a big score – field size has a significant impact on both
 - Professional horseplayers care about long-term returns. They achieve those returns by uncovering slight inefficiencies that create a betting “edge” in wagering pools and leveraging those through large wagers – field size has a significant impact on both.

