

PURSE ALLOCATIONS

Who Determines What the Races are Worth?

BY WILSON SHIRLEY

AS MOST OWNERS' CIRCLE READERS KNOW, PURSE MONIES ARE NOT FUNDED BY THE RACETRACKS. ON THE CONTRARY: PURSE MONEY IS OWNERS' MONEY.

By law, purses are funded from a deduction in wagers which is earmarked as owners' monies and held by racetracks in special accounts, segregated from race-track operating funds. Racetrack paymasters administer these accounts and write checks against them to pay purse-earning owners and jockeys.

But how do paymasters know what amounts to pay?

TOC Negotiates Purse Schedules with Track

In California, purses are paid in accordance with the terms set forth in an agreement negotiated every season between each racetrack and the Thoroughbred Owners of California (TOC). Weeks before opening day, TOC and the tracks must agree upon the following during the negotiation process:

- Maximum percentage of purse revenues allocable to stakes races
- Proposed stakes schedule
- Overnight purse schedule

Stakes Races vs. Overnights – Who Gets What?

Total purse funds available usually are estimated based on the prior year's performance in combination with the lat-

est handle trends. Once purse revenues are projected, the first issue to be addressed is how much of that purse money will be allocated to stakes races. The stakes schedule, which is submitted by the racetrack, indicates the purse value of each stakes event (and how that compares to the previous year's renewal). Proposed funding for the stakes schedule represents a percentage of the projected

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purse revenues. Funds not allocated to stakes will be paid out in claiming and allowance race divisions, commonly referred to as "overnight" races, and in "overnight" stake races.

Thus, the higher the percentage allocated to stakes races, the less money available for distribution in overnight races; conversely, the lower the stakes percentage, the more money available for distribution as overnight purses and the greater the purse value of each individual overnight race.

Balance Must Be Obtained Between Stakes & Overnight Program

Obviously, the quality and attractiveness of a high-profile stakes program, in

which perhaps 5% of the racehorse inventory competes, must be balanced against the overall value of the overnight program, which must be competitive with that of other racing circuits to ensure that racing stables remain based in California.

In the past, the stakes percentage at southern California tracks had in some cases exceeded 33% of total purses, and at northern California tracks 25%. Over the last few years TOC has sought to reduce these percentages in order to strengthen California's overnight programs. By 1997 southern California stakes schedules were as low as 26% with northern California tracks as low as 15%.

In 1997, however, the California State Legislature enacted a breeders-supported law requiring that at least 10% of the total stakes purses awarded at California race meetings be allocated to stakes races restricted to California-breds. To comply with this new law without drastically reducing the existing stakes programs, TOC agreed to raise the stakes percentages.

Together with their proposed stakes schedules, racetrack officials also submit a proposed overnight purse schedule for TOC approval, detailing purse values for every category of overnight race. The track's racing secretaries submit their recommendations on how much money should be allocated to the various categories of allowance and claiming races. In Southern California, more purse money is directed into higher quality allowance races, and less into lower-level claiming races in an attempt to attract and retain higher quality-racing stock.

Also in Southern California, purses for longer (route) races are slightly higher than for sprints in the same category of race. This incentive is given to increase field size in route races, as they typically enjoy a higher handle. In Northern California, no purse distinction is made between sprint and route races.

Strong Overnight Purses Keeps Racing Program Healthy

Competition among racetracks for quality racing stables is keen, thus a competitive overnight purse structure is one way to fill the barn area. The table at right compares the purse levels for unrestricted sprint-distance maiden special weight, allowance and some claiming races at most of the major racetracks through May, 1998. All of these tracks feature purse supplements in Maiden Special Weight and allowance races, which is awarded to state-bred horses as a part of the purse. These supplements are included in the purse values shown for those races.

Why do Purses Vary from Racemeet to Racemeet?

Purses fluctuate from track to track due to the different amounts wagered at each venue. For example, in Southern California, purses at Del Mar's summer meet are historically higher than at Hollywood Park's fall meet due to the increased fan interest and greater amounts wagered.

Purse fund allocations are a delicate balancing act. Care must be taken to allocate purses to both attract and retain top horses, while at the same time maximizing field size throughout the track's racing program. It's a constantly evolving process.

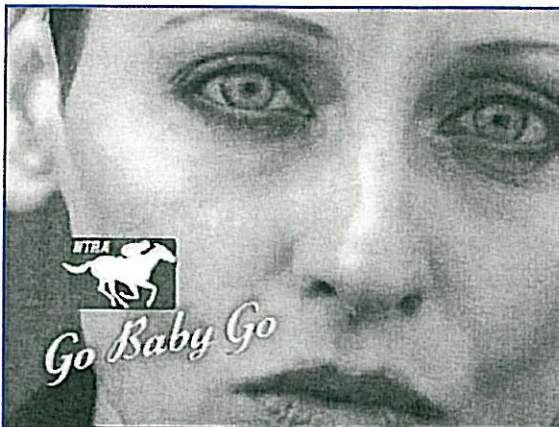
1998 OVERNIGHT PURSES AT SELECTED TRACKS

	Maiden Special Weight	Allowance NW1OT (1st Cond.)	\$25,000 CLM	\$10,000 CLM
Santa Anita	\$45,600	\$50,400	\$25,000	\$11,000
Hollywood Spring	\$44,400	\$50,400	\$24,000	\$11,000
Aqueduct	\$34,626	\$37,014	\$19,000	\$10,000
Belmont	\$41,790	\$44,178	\$22,000	none
Churchill Downs	\$45,200	\$50,200	\$31,000	\$16,000
Keeneland	\$40,000	\$44,000	\$22,000	\$11,000
Gulfstream Park	\$31,000	\$33,000	\$17,000	\$11,000
Golden Gate Fields	\$36,000	\$38,400	\$27,750	\$10,000
Bay Meadows	\$28,800	\$38,400	\$27,750	\$12,000
Oaklawn Park	\$24,000	\$27,000	\$19,500	\$11,000
Fair Grounds	\$33,000	\$35,500	\$28,800	\$19,700

Open sprints; includes purse supplements for state-breds.

Wilson Shirley serves as the Director of Information Services for TOBA, and as a consultant to TOC.

Special thanks to Hollywood Park's Racing Secretary Martin Panza for his contribution to this piece. 🐾



Why Are Our

Go Baby Go

Ads So Different?

BY RICK BAEDEKER

When we last checked in with *Owners' Circle*, we warned that the NTRA (National Thoroughbred Racing Association)'s advertising would not please all tastes. It is not intended to.

Our first wave of advertising is designed to increase the public's awareness of Thoroughbred racing. To accomplish this, it must cut through the clutter of other advertising. It must be different, and it must stand out.

Our advertising is also aimed at a different target market than those traditionally targeted by the racetracks. Our research indicates that we need to target males between the ages of 18-49 years old.

Why so young? Why not concentrate on an older demographic segment of the population that has more time and money to enjoy the sport?

Because historically, popularity trends begin with the younger segments of the population and are then adopted by older demographic segments. Thus we're not ignoring the

older segments, but are trying to reach them through the younger generation.

Where are we with our advertising?

When we tested ads in six major markets, we found that 68% of viewers report the commercials "stand out" as different, and 42% of viewers report that seeing the commercials "change their idea somewhat or a lot" about horseracing. Also, 3% of our target market considers Thoroughbred racing a favorite activity prior to viewing the ads. After seeing them, that figure rises to 16%, while the percentage of people who reject racing decreases from 34% to 17%.

Our creative strategy is a start at taking racing into the consciousness of the general public. Keep this in mind as you view our ads, and enjoy the increased exposure that Thoroughbred racing is receiving.

Rick Baedeker is Vice-President Marketing, National Thoroughbred Racing Association, and Vice-President Marketing, Hollywood Park 🐾