

**Fifth Racing Congress**

**Thursday, February 5, 2009**

**10:15 a.m. - 11:15 a.m.**

**Beyond the Promise: Are Web 2.0 and Social Networking Social Phenomena. Profit Models or Both?**

- **Bill Shanklin, University of Akron, Moderator**
- **Jack Schibrowsky, Professor of Marketing, University of Nevada Las Vegas**
- **Andrew MacDonald, Vice President, Marketing & Communications, Woodbine Entertainment**
- **Steve May, Graduate Student, University of Arizona Race Track Industry Program**

**Stan Bergstein:** More point-counterpoint discussion on Dr. Smith's presentation. The next panel is going to discuss the issues that were just referred to and it is being moderated by Bill Shanklin of the University of Akron, who is the best academic model following trends in marketing. He's a professor of marketing and with him will be Jack Schibrowsky, professor of marketing here at the University of Nevada in Las Vegas; Andrew MacDonald who is vice president of marketing and communications for Woodbine Entertainment; and Steve May who is a graduate student at the University of Arizona Race Track Industry Program, works on HTA projects with Brody Johnson and is one of the brightest young college men in the country. Bill, it's all yours.

**Bill Shanklin:** Thank you Stan. The gentleman on the end down here is Steve, Andrew and Jack, and I'm Bill. I'm going to ask these gentlemen a question to start with and then I'm sure it's going to turn into a discussion. Steve, you're a graduate student at the University of Arizona. You must like racing or you wouldn't be a graduate student of the field, so tell us about your Internet behavior in terms of social networking with regard to racing.

**Steve May:** Thanks a lot, I appreciate you having me today. I'm still really big on the message forums, I still think that they have a very valid place in the racing industry. I'm on derbytrail.com, that was probably my favorite message board, I'm on Pace Advantage a lot, and these message forums have a group of racing people that are very dedicated to what they do, they

love the sport, they trade handicapping techniques, they discuss racing events. It does have a negative side also because if something goes wrong I usually will check the message forums first because it's basically instant access to this information.

My really big thing I have right now is actually Twitter. I read about Twitter in Fortune magazine a couple months ago and have really taken off with it. I have a couple of different Twitter feeds that I do right now. One is a harness racing one that I basically just go through. There's Twitter and then there also are applications you can use with Twitter. So I'll sit down at night and I'll go through all the harness racing stories for that evening and schedule these Twitter feeds through the next day, so about every hour there's an update on my Twitter site. I also have one that I've gotten some pretty good responses to. It's kind of tough keeping up with it, but it's one that tracks carryovers. I think it's a great application of Twitter because whenever there is a nice, big carryover you can post a message on there and send it out to everybody. I know Arlington Park was paying for a service like this, but as the last speaker said, Twitter is totally free and I think it's a very good option for things like that.

I have a Facebook page, I kind of use that as my personal thing though. I want to have something away from racing and it's all my high school friends and some of my college friends, so that's how I use Facebook but there are plenty of other groups and things on Facebook that I do know about and have experience with.

**Bill Shanklin:** These terms Web 1.0, 2.0 and 3.0, those are marketing terms, those aren't technical terms. You don't hear the technical people using those terms as much as the marketing people. Basically every racetrack uses Web 1.0. What that means is that you put your entries online and you put your results online. It's a one-way interaction. Web 2.0 is more social interaction like Facebook, MySpace and so forth. Then Web 3.0, while nobody really knows for sure what that's going to turn out to be, IBM defines it as an immersive experience that's going to be 3-D Internet and co-creation, that's how they define it but that will come sometime in the future. They gave an example of somebody going in and trying on some clothes at a retailer and then having the people online comment on whether they liked the person's clothes as he looked in the mirror, that was the example that IBM gave of Web 3.0. So all racetracks are in 1.0 and some are getting a position in 2.0, so the whole concept of social interaction.

In social networking there's nothing new about this, every marketer knows that even if you go back 50 years word of mouth communication is the most credible form of advertising

because they know that the people that they ask don't have a vested interest. All that Web 2.0 allows you to do in social networking is it allows you to leverage the power of the Internet to do social networking just like people have been doing for hundreds of years. Andrew MacDonald of Woodbine, when you use the term social networking, that seems to be an awfully broad term, it's a pretty broad brush to paint with, could you tell us some of the ways that you're using social networking to target your markets at Woodbine, in other words be very specific?

**Andrew MacDonald:** The quick answer is not enough ways. We obviously are investigating it. It allows you to do everything by allowing your customers to be your ambassadors. My background is more from the business development side and through the development of our account wagering. We tracked how our best performing customers became customers. They were ones that were referred by a friend. So we could give out T-shirts, we could do all sorts of other things, but the customers that had the highest probability of using that account and becoming frequent, high-volume users were the ones that were referred to by friends because they had a common interest.

That's just one of the ways where the social networking allows you to identify these networks of people who are interested in the same product or the same activities. It helps you if you've gone through the practice of good business marketing in defining the priorities of what you're trying to do and which customers will probably give you the best return. It allows you to interact with those networks of people.

We believe very much that our core business is gambling, it's betting. So I'm very interested in networks that have like-minded people discussing betting, discussing handicapping techniques, discussing maybe other forms of betting like poker forums that we think would convert well to horseracing. Those networks provide a much better return for us to try to interact with and develop customers than something like a general entertainment or a dining forum, which can still provide you with a customer, but the return we get from something like food and beverage isn't nearly the same as if we can attract a big gambler from a poker site or something like that and bring them to our site.

The way we envision using social networking is for customer research, customer education, developing customer loyalty and obviously the development of new customers. I don't think all the ways that you're going to use these networks to drive these areas of the business have come to fruition. I would think it is important for everybody in this room—all

obviously interested—to get in the game a bit and at least understand it so that you can position yourself to try to develop strategies, to use these networks to fulfill some of these business goals.

**Bill Shanklin:** Thank you. We wanted to have one individual who knew nothing about racing, and that's Jack. He's an expert in direct mail, direct marketing and social networking. I called him at the University of Nevada Las Vegas where he has a good record in the marketing profession and I asked him if he would do this panel and he said, "Bill, I didn't know that horses typed." When he said that I knew we had the right guy.

So Jack, I would like to ask you this question: Recently a survey by a company called Epsilon Marketing, a reputable company, did a survey and they found out that of all of the big Fortune 500-type companies, that only ten percent of them currently are using any form of social networking and in addition to that 33 percent of them said that they had no intention to use it in the future. So that's not an overwhelming endorsement of social networking. Do you have any idea as to why the Procter and Gambles and Johnson and Johnsons of the world, if they're not anti-, at least are not interested?

**Jack Schibrowsky:** I think to understand how that survey got answered that way, you need to understand social networking and social networking on the Web and Web marketing and those sorts of ideas. First off, social networking has been around forever. You have social networks that are at your tracks. You have guys that show up at the track or people who show up at the track every day, talk to each other and ask each other questions. That's a social network. You remember the old radio talk shows, problems and solutions and those sorts of things, those were networks. There are talk shows now on racing, radio shows, those are all social networks.

There are lots of social networks in your profession. There are lots of individuals who have blogs or have online communities and the question you want to ask yourself is, does it make sense for us to get involved in those communities or does it make sense for us to develop our own community? The gentleman down in front was talking about the fact that they've created their own online community. If the goal is to get new customers to your track, I'm not sure that's the method. The reason for that is, social networks exist based on people who are really interested in something, have a common interest, and it's hard to draw people in, I think, that are not very knowledgeable about the betting and those sorts of things. That's what Marc was talking about, how there's a language for horse bettors and there's a language for the track

and I'm not really sure that social networks are going to be the right way to do that. I happen to agree that using the Web as a marketing tool makes great sense.

The Web is going to change everything. The good news is, we don't know how it's going to change everything, and it's not going to continue to evolve the way it has evolved. It is not going to continue to be an unalphabetized phone book. That's not the way this is going to work. We don't know how it's going to evolve and it's sort of interesting to see how it's going to evolve and I do think that the mobility is going to have a great impact on this.

I'm not a real big believer that you folks should be highly involved in getting into the social networks. Generating your own online community creates its own set of problems. Who's going to administrate it? What kind of rules are you going to have? Who's going to administrate those rules? When you have an online site and someone says, "those races are fixed at Calistoga," well I'm not really sure, now are you going to post that? The answer is probably not, and of course you have all these rules set up. As soon as you start censoring what you get is a backlash set of blogs which are the I Hate GM kinds of blogs. I'm not really sure you want to go in and start stirring up social networks. I believe that social networks are natural. They're going to be there. They are there for your track and your business right now. I believe you ought to monitor them, you ought to take advantage of those in terms of marketing strategies, but I'm not really sure that you ought to be in the social networking business itself.

Social networks are really designed to be composed of individuals talking about things that they're interested in. Social networking, from a business perspective, would be individuals, not you, talking about thoroughbred racing or harness racing or your track or horse breeding or whatever else it might be. And I'm not sure that you want to necessarily get in the middle of that conversation all the time.

My argument would be that you might, in the short run, spend your time and dollars on activities that are more designed as what I would call Web marketing strategies, taking advantage of those forums by going in and perhaps trying to steer some of those people who are in related areas. I like the idea of going into poker forums and talking about horse racing pitting people against each other that same way that poker does to, for instance, bet against the house at a casino. I like some of those ideas, I'm just not at all convinced that spending a bunch of time generating, going out and trying to stir up social networks, is necessarily a good idea. People like Procter and Gamble don't like to do that because they see the negative side, they don't see

the positive side. There are very few really big success stories out there of someone who's gone in and done a bunch of social networking and it's generated a lot of cash for them.

**Bill Shanklin:** Actually you can give some examples of where it's been the reverse of that. If you remember the Whole Foods case last year or the year before, the chairman of Whole Foods was going in on the message board for his company and making positive comments about his own company and negative comments about his competition. Somebody got a subpoena and went and found out who it was, subpoenaed the Yahoo! Website, so they turned over their records and then when he was outed he was subject to prosecution for insider trading because here he is in a publicly traded company, going online making positive and negative comments and you're not allowed to do that of course.

I wanted to ask Andrew, if you look at blogs and you look at message boards, and somebody goes on there and makes some pretty derogatory comments about the way that the management conducts the business at Woodbine, do you go on there and try to counter that or would you rather not answer that question?

**Andrew MacDonald:** Happy to answer it. At this point, we don't. I certainly monitor many blogs. I very much encourage it. It's a way for you to hear what people are saying about your business. It was discussed yesterday, putting your company name followed by the word "sucks" and Google that and see what you find. It's very good in terms of being introspective in finding out what people are saying.

I think the next step where I would like to take my company is participating, but participating in a transparent manner which respects the culture of the medium. There is a culture to the Internet, to blogs, and I think you need to respect that. If you have a vested interest in the business such as the president of a company, then it's fine to state your opinion, but the proper way is to allow people to realize your affiliation with that entity. I do see blogs as a way to perhaps provide a corporate position, which may be contrary to what's been presented on the blog or the corporate stance on an event or a policy as a means of clarification and getting information out there, so long as you're being transparent in who you are and where it's coming from. At that point, those people reading the blogs can form their own opinion and listen to perhaps somebody else's opinion or that of your company which you're being upfront about, is the opinion or the policy of your company.

**Bill Shanklin:** So you would go on there then?

**Andrew MacDonald:** We don't now, primarily because we're developing our resources and our Web strategy in general which will include social networking. We're trying to change and align our business to deal with it better, more from a customer point of view as opposed to internal delineations of business units. So, trying to give the customer what they want and starting from there. As we develop those resources our social networking strategy will be a component of that.

**Bill Shanklin:** I think there are two lines of thought on that. Some CEOs of major corporations will not answer e-mail, they won't even have an e-mail address because of the potential for litigation. They won't read e-mail and they won't answer e-mail, especially in a publically traded company which you're not, you're not-for-profit. Correct?

Let's talk about some of the negatives here. Last year in the Kentucky Derby you had the first breakdown in about 75 years, I think I read Steve Crist of the Racing Form said, about the first time in 75 years; however, it was two years after the breakdown of Barbaro in the Preakness and if you'd have gone into the social networking sites after those races you would have thought that you had a breakdown every year. It not only came from people in the animal rights organizations like PETA, but it came from a lot of people who were racing fans and got on there and naturally were emotional. Steve, were you online during that time and reading any of that?

**Steve May:** Yeah, I was at least on the message forums at that time, and that was a place where there was a lot of support for the racing industry and the guys that were exchanging ideas on how to get a positive message out there to the fans. So I think that is a valid place to do it. I was not on Facebook and things like that where the general public was, I was mostly on the racing-focused groups at that time.

**Bill Shanklin:** Well there's an anti-racing forum on Facebook right now, do you ever get in there and read that?

**Steve May:** I've seen it; I know that it is there.

**Bill Shanklin:** And what do they say?

**Steve May:** A lot of them, and it's on Facebook, there's plenty of YouTube videos out there and stuff, it's unfortunate that when you have the race where Somebeachsomewhere won last year on YouTube there was, seems like a couple of thousand views on that but if you look on YouTube at harness racing accidents, there was one that had like 25,000 hits on that. So those people are definitely out there and they really do everything they can to tear down this industry.

**Bill Shanklin:** Jack, I think that kind of makes your point, doesn't it, about the difficulty of controlling the publicity? If you got on there, if every racetrack in the country got on there and posted they couldn't turn that tide.

**Jack Schibrowsky:** Yeah, and how many of you have a public relations crisis plan in place for when something bad happens you're already set to go? You have to. You really do. We do this, I mean, I do lots of events here in Las Vegas and we have a crisis plan in place: What are we going to do if this happens, what are we going to do if that happens, and we're ready to go with it. I think online you have to be thinking the same way.

I strongly advise against anybody in an organization making a response to an online blog or an online community without sitting down and talking to their PR people about how this is going to play out. The temptation by the people who I work with is when they're out surfing and they see something negative, bam, they're going to respond to that. Well, that's why you're supposed to have a handler. That's why you're supposed to have a PR person. Do not respond to anything without thinking it through just a little bit. I know that the idea is that time is of the essence, but boy you really do want to be careful about that because even when you're transparent, when you say, "well I'm the track owner and this is not the way this is happening," perception is reality in the mind of the consumer.

One of the reasons people don't like to gamble at Caesar's is because they think the slot machines are too tight. People at Caesar's say that's not true. I responded by telling them it doesn't make any difference if it's true or not, people think that it's true, and if people think that it's true then you want to figure out how you're going to react to that. In many cases, reacting to those sorts of things is just adding kerosene to the fire and so you really do want to be a little bit careful about stirring more stuff up as you go along.

There is a spot and a way to respond, but that's why there are PR experts out there. I'm not one of them. I have a PR expert on retainer for me just in case, so before I have any silly reactions to stuff I always try to call him and ask him what he would do. So I want you to think at least a little bit about that. There is going to be negative stuff out there. If you go out and look, you can't be in any business where there isn't going to eventually be some negative comments and the real question is which of those are worth responding to and which ones of those really just need to follow a natural death like most PR people would argue.

**Bill Shanklin:** Some physicians, by the way, and maybe others have sued some of the Websites for defamation of character. I don't think those suits go very far. That makes it worse because then you give them free publicity and it just exacerbates the problem, so I agree with all of you gentlemen on that.

I'd like to turn to effectiveness for a minute now. I'll start out with an anecdote. A friend of mine who's a plastic surgeon in Ohio, most of his business comes in from the west coast because he gets a lot of movie stars that come in and want to stay at his house in Ohio because they don't want somebody to know that they're having a facelift, for example. So he has a big business, very big business. He only operates from the chin to the hairline and so he told me that he wanted to start a blog and he was going to have this woman down in Texas run this blog for him and they were going to discuss plastic surgery. Obviously they wanted to get him more business. So they started the blog and they started monitoring Google Analytics and they would see that they got five hits in a day or three hits in a day, but they quit after a couple of weeks.

If you're going to get into the business of blogs, remember how many of them there are out there. Nobody knows. You hear all of these estimates, 170 million blogs. There's more people on Facebook and MySpace than live in the United States, so if you're going to start one of these you have to have realistic expectations. You're not going to start one of these and then tomorrow have a thousand people go to your Website unless you've really got a hot topic. So they quit after about two or three weeks or something like that. You've got to plug along and in order to draw traffic to your blog, you have to have what I call a vertical market. If I started a Website on giving marketing advice, that would probably be a dud because it's too general, you've got to get something very specific, something that people care about.

I heard the chairman of Netflix the other day talk about if you're going to start a business; the best business to start is one where if you have an ache, you give somebody an aspirin. That's the best business. The worst business is to convince them that they ought to take vitamins for their health because they can forego the vitamins. In my view, any type of an entertainment business like racing or the casinos or whatever, those are more like vitamins. You don't have an ache to go to a racetrack or an ache to go to a casino. So the more that you can have a Website that really solves somebody's problem, that ache, the better off you're going to be. Then you've got to plug away and you've got to stay with it.

Now, let's talk about effectiveness. Google Analytics, and there are other means to judge effectiveness. Andrew, I'll ask you, do you have any comments on the area of measuring effectiveness of what you're doing?

**Andrew MacDonald:** Certainly. Again, my business background was in business development prior to marketing, so my view of marketing is really as a tool to drive the business. You line up your marketing behind what your goals are. So the great thing about any electronic medium, including Web and social networking, is the reporting and the trackability, the measurement and the interactivity of it. It can do a better job providing two-way communication as well as statistical information and data, which you can use to measure how effective you are.

Again, I see it as, whatever you're going to do, have your plan in place and know what measures you are going to use to determine whether you are doing it effectively and match your resources to the opportunity. To create a blog without a purpose is not a good idea, in my opinion. Know what you want to do and know how you're going to drive that. So if your goal is to create new accounts through this, then measure that. If your goal is to hopefully increase awareness because, through awareness you're hoping to get new participation in your sport, then there are ways to measure awareness within the groups that you're targeting. Have a plan for that, otherwise I don't know how you're going to know if you're successful or if you want to do more of it, if you want to continue it. I think that's where businesses sometimes get into operations where they're not sure whether they're effective or not anymore, but they're scared to pull back or discontinue them. If you don't have something that you're striving to achieve, then how are you going to know when you achieve it? So I think it's important to have a plan in place, know how you're trying to drive the business, and again, it's not all hard measurables ie. equals betting dollars, but it generally is measurable in some form or another, whether it be awareness, whether it be loyalty in which case you're tracking the retention of your customers, there's generally a way to track most of the things that you think drive your business.

**Bill Shanklin:** Jack, do you have anything you want to add to that?

**Jack Schibrowsky:** You know the beauty of the Web and the beauty of direct and interactive marketing is that it's all trackable. And the tracking things that are out there now, like we're using a Shout product right now to track some social networking activities, but we can use Google Alert, there's all sorts of things you can do from a social networking side, from the business side. I think for most of you the goal is to somehow get people to register for

something because I'm a real big believer in database marketing and so my goal was always, let's get people registered. We just did a project with Kodak. Kodakgallery.com has 70 million registered subscribers, which is sort of interesting because they had \$138 million in revenue last year, which comes out to about \$2 a person. So I'm not really sure that what the goal is exactly for them to continue to get more registered users. Facebook has what, a couple of hundred million users now; they're not making any money. MySpace isn't making any money.

**Steve May:** You may have a million followers on it, and you may have all sorts of fun bells and whistles on it and people may be going to it 20 times a day, but if those people aren't putting any money through the windows, it's pointless. So, while I think it is important to try to market the product like that, I really think the fact is that 80 percent of the money is bet off-site now, so getting information to the bettors really needs to be the focus of this and doing things like Twitter where you can tell them, "Hey, there's a big carryover today."

Driving them to the betting product has to be a major focus of this also. I think there's a lot of potential for growth on that, especially with Churchill who has their carryover, their carryover carries over through the day. I think that getting people that information, telling them there's a carryover, they may not be around their computer but they get a text message on their phone that says, "Hey, there's a carryover in an hour," I think that is where they'll be inclined to go research this and make their bets and that's what has to be the focus of part of this. Getting that information out there for the bettors, I think, has to be another area of the focus of this also. Let's say you have a million people following your site, but they're not betting anything, and you have ten people following your other one where you're getting them betting information and they're betting a million dollars then that's where you really have to focus. I think that has to be part of the measure of success on this.

**Bill Shanklin:** If you were the Hambletonian or you were the Kentucky Derby, and you have a YouTube Website, which the Kentucky Derby does I don't know whether the Hambletonian does or not, but if you want to drive 50,000 teenagers to that Website, you can probably do it with the right video. But the question is, are 50,000 teenagers going to do you any good running money through the window? And the answer to that may be, in my opinion, maybe ten years from now some of them will, but certainly not this year. So it goes to what you were saying about how you've got to be very specific in your objective. On the other hand, if you want to drive 10,000 bettors to that site, that may be pretty productive.

**Steve May:** The bettors want information. That's what they really want. I was actually talking to the racing secretary in Albuquerque, and he's very active on Pace Advantage, one of the message forums, and he has a very captured audience there, he's been able to get information out to these guys. It isn't on the Website, I don't know exactly what he's getting but he's getting some other information out there and he's really listening to these guys and I think he's gotten a lot of respect for that. I kind of disagree when you say you should not be responding to anything because this guy really is and there's one way that you can kind of measure the success on this.

He was telling me that the bettors on the Website said, instead of having a late daily double, make it a pick three. So he convinced the management to try this and showed that by going to the pick three from the daily double, out of state handle rose nine percent. This was last year when betting handle was definitely down. I think that while you can't attribute everything to his post on Pace Advantage, I think some of that did come from his site. A lot of these guys actively do procotts, as they call them. Instead of a boycott, they will set up these organized days where they will bet on certain tracks. Yavapai Downs is one of those where the track announcer is also another guy who posts on Pace Advantage a lot, he has organized different procotts and it has shown. Their ADW handle was up 20 percent on some of these days. So it can definitely be a part of this.

**Bill Shanklin:** A couple more points before we have some closing remarks and then we'll take questions from the audience. I was surprised, Jack talks about data, you never know, your intuition could be wrong. Macy's and Best Buy did a study and they found that physical retailing is a way to drive business to the Web. I would have bet that it would have been the other way around, but that's what they've decided. So if you've already got the majority of your handle at the average racetrack being bet online or through an ADW, it seems to me that if you could transfer these findings over to racing that that means that figure is going to rise. Jack, you and I were talking about Twitter, could you give me your comments about Twitter?

**Jack Schibrowsky:** I don't have any positive comments about Twitter. There are lots of people using it and I think it's a great social networking tool. I'm not a Twitter user and so I'm not as excited about Twitter I guess.

**Bill Shanklin:** Ok, we'll leave it at that. You said that if people were at the racetrack they might not...

**Jack Schibrowsky:** We were talking a little bit about, I mean, how many people do you know that come to your tracks that want to be tracked once they get there? I wrote down some names of some of my favorite track guys from my days at Hawthorne Park a hundred years ago. Guys like Big Jim and Ace and Sally and Long-shot Louie, and I'm going to guess that they don't want to be tracked when they go to the paddock to talk to somebody. I'm going to guess that they don't really want to be tracked at the track. I just don't think that that's necessarily what they want to do. The people who go to the track are a different breed of characters. I do have a real quick question though, how important is it to have people at your track? Is that of primary importance or has that now become secondary?

**Bill Shanklin:** We'll get into that in the Q&A.

**Jack Schibrowsky:** I'm just sort of curious about that because it changes how you use these social networks to drive that. There's an online business obviously which I think is dramatically different than an at-the-track business.

**Bill Shanklin:** Well they make a lot more when people come to the track and bet if they bet on the product that's running live. Contradict me, go ahead. I mean, as a percentage, the takeout.

**Andrew MacDonald:** Assuming that they're betting on the live product, the product that you're producing from the home track, it's actually more efficient and cheaper for us to take a bet over the Internet than it is in our other systems given the labor involved, the cost of operating the facility, the air conditioning, the infrastructure. If we were to do all of our wagering over the Internet, it would be cheaper for us to operate. That's not necessarily sane, because I don't believe it to be true that the on-site wagering and the ability of the on-site at the track as a way to develop customers, as a way to deliver, perhaps, a different and better experience than you can necessarily get online, that doesn't diminish the importance of the live racetrack for that, but it is a fact that if all of our wagering converted to the Internet, assuming that it all stayed whole, we'd have less expenses.

**Bill Shanklin:** Well that's true. That's exactly right. Of course, some tracks have turned into a TV studio already.

**Andrew MacDonald:** Sure.

**Bill Shanklin:** That's basically what they're doing now.

**Andrew MacDonald:** Absolutely.

**Bill Shanklin:** Right. I ask the panel to give some practical advice here, I mean they've been giving practical advice but if they had to tell you one thing to take away with you home, what would that be, Steve?

**Steve May:** My request would be just some help with some of this stuff. I mean, I've made some requests to some of the different racing organizations that, I've got like 500 followers or so on my harness racing Twitter feed, but trying to get information on that I've found to be kind of difficult. I don't know if it's just because people don't understand the technology and know the power of something like Twitter.

I really think that if your target audience needs to be 20-year-olds, you need to use what 20-year-olds are using, which is Twitter and MySpace and Facebook and things like that. If that's the audience you're going after, these guys do want to be tracked, I mean that's the cool thing to do. They want their friends, they want their different groups of people, they do want to be tracked. It's kind of the way it is anymore. One of the press guys, Ed DeRosa is on Twitter and we've been communicating all the time throughout this meeting and stuff and that's just the way the younger crowd is at this point, they really do want to be tracked and if the majority of the handle is bet off-site and especially on ADWs, I think you need to incorporate Internet technologies like that with your marketing strategies.

**Andrew MacDonald:** Yeah, I'd certainly agree that the development of new customers is a long-term and complex strategy and I agree that you've got to be where they're going to be. It's a very tough thing to do when you're perhaps trying to keep what you've got and grow what you've got; the prospect of trying to develop a long-term new customer base is one that's important and tough to do with limited resources.

The other thing that I would say is I think it's vitally important to first, just get involved and educate yourself so even if it's not through active participation, the term is "lurking." Go out there and take a look and see what's being said, see what's being done, and start where I think is always the best place, with the customer and figure out what they're saying, what they want.

The people that are still betting in this industry are obviously still doing it for a reason. Find out what it is that's attracting them and how we can use that to get more like-minded customers and use them to help grow the business as well. So examples of social networking that might work are collaboration of handicapping notes, if you have groups of handicappers that

know each other, that are friends with each other, they all do their own handicapping, they can put their notes online and share their notes so that together they develop, they might go in on big pick tickets together, ways of encouraging that and allowing them to share information which ultimately ends in a transaction. Ideas like that or letting them notify their other bettors that they become friends with over the years, where they're going to be because despite the fact that most of the bettors actually come alone, they group together once they're at the track. That's certainly the research that we've seen. They may come alone, but they've got their spots and they've got their people that they socialize with. Encourage that, find ways for them to share that information. You know what? I'm not going to be at the track, I'm going to be at this teletheater tonight. If their other friends see that, that encourages that type of social behavior and they might go to the teletheater knowing that the gang is going to be there. But get involved and start to understand it so that you can develop your own strategies.

**Jack Schibrowsky:** I happen to agree with Andrew's take on how to deal with the Web and how to use it as a marketing tool. A couple of quick things. Number one, you have to ask yourself, well what was the goal when you started? I mean, if you're going to create an online community, what's the purpose to this? How are we going to measure it and what's the purpose? So my argument to start is this, let's remember what the goal was when we all started. What is the goal here? For instance, if your goal is to increase attendance, then you've got to enhance the experience and I'm not really sure, the Web may detract from it.

There are some products that are better on TV than they are in person like golf and NASCAR. And there are some that are worse. I just did a project with NHRA which means it's worse. I happen to think horseracing may be better at home than it is at the track, unfortunately. I think it may be better on TV. That may be one of the reasons that you see a lot of off-track, because it's easier to get to those places, I'm not sure. It just seems to me that when you're at the track you don't have as good of sight lines and those sorts of things as maybe you would on TV.

Think about what's the best use of your time. A lot of this stuff doesn't cost a ton of money and the truth is that you can do this, but what is the best use of your time? Because there are lots of things you can do. You can build online communities, you can go in and participate in social networks, you can try to build a database online, you can try to drive people to your Website with online activities. What's the best use of your time and your money? And of

course the question is, if not social networking then what? Because the Internet is going to continue to change your business and everyone else's business. My big pitch is that you think about database marketing where you capture an audience and you can communicate with them on your terms.

My view on social networking is, let it occur naturally. Use the sites as marketing vehicles, as Andrew was suggesting, and I am not a big believer in getting involved in social networking itself. There are some success stories and maybe that's right. Consider online social networks as a macro environmental variable, where you monitor forecasts and adapt to what's being said online. Once again, I highly recommend that you have a plan in place if things go negative.

**Bill Shanklin:** Thank you. What I would say is don't turn your marketing objectives and marketing strategies over to the people that are doing your Website or your blog. Be sure that you're the one specifying what the objectives are and what the strategies are and then have them implement it because they may be IT people, they may not know that much about marketing. So that would be my counsel. Then the last thing is what I said before, to stick with it. Just because you're getting a few hits now doesn't mean you can't drive more hits later on. We'll be glad to have any questions now.

**Stan Bergstein:** Bill, I'd like to start with Marc Smith, wherever he may be, and just give him an opportunity to respond with his reactions to your excellent panel. Marc?

**Dr. Marc Smith:** Clearly there's a lot of expertise up there. I'll just highlight a few of your points. You're not going to get a customer in the door tonight, but you might get one that will come in the door daily, five years from now. Social networking has a lot of baggage. People use the word social—and as a socialologist I have an issue with this—as informal, entertainment, recreational. Social means associations amongst humans and not something that you do that's frivolous or foolish. So social networking clearly is happening inside the enterprise as well as outside the enterprise.

It's probably not the case that I could tell you that Procter and Gamble is doing social networking, but I can. They are, but they're doing it internally. They're not on Facebook having their internal conversations public, they're setting up systems internally so that they can have employees say, I know that employee and that employee is somebody that I am a colleague with and I endorse them in some way. I'll tell you as the enterprise loses 10 percent of its headcount

over the next year, knowing anybody who knows what you need to do in order to get the job done is going to become very critical because when you blow 10 percent of the headcount out of the door, a lot of the expertise goes out of the door. Of course a lot of them come back as consultants later at a higher rate, but we can always hope.

So what good is Twitter? What good is Facebook? How many of these people are actually your customers? Could you instead develop your own social networks? These are big questions and I heard some very good advice there. I think one point is, it is probably foolish to believe that you will build your own communities and get everybody to come to them. There are many people who have core competence in building those communities, and this organization probably is not that group.

Having said that, it probably is very wise to be where your future customers are, and I think I heard that. The 20-year-olds are on Twitter. They're there right now. And if they're ever going to bet with you, you'd better be where they are now. Twitter, again, like "social" gets painted with a broad brush in which it's considered to be frivolous. People ask me all the time, why would I want to tell you that I've just had a glass of milk? And I would say, don't tell me that and I won't tell you either. But what do people really use Twitter for? They use it as a platform for self-promotion. They use it as a way of focusing the attention of other humans on something you care about. That is not to be discarded. Twitter is a place where potentially 500 or more of your potential customers are listening to you now. What do you have to say to them?

Now I take the point, and I heard it several times, and the first presentation this morning was about how you ignite the fire without getting consumed by it? When you participate in a conversation, and you're in a controversial topic area, you're going to hear things you don't like. And in some cases you're right, the best way to participate is not to participate at all because you're not going to win that fight; however, I would argue that the best remedy for information you don't like on the Internet is a lot more information that you do like. You can drown some messages by pouring lots of other messages on top of them; however, removing messages from the Internet is not within our power. Only one organization has the power to remove things from the Internet, and that's Google. Simply by denying it exists, Google can make you disappear. We don't have the ability to stop people from saying things we don't like, but what we do have is this enormous microphone now to fill the airspace with the messages that you do want. So not participating at all I think is sometimes a mistake. Getting down and dirty though, is never a

good idea. Getting in there and arguing with people who you disagree with is only going to get you covered with their mud. I heard a lot of good advice up there, and I thank you all for that.

**Bill Shanklin:** One of the things, you were talking about Procter and Gamble, they've hired Google though, haven't they to help them? Is that correct?

**Dr. Marc Smith:** You can't ignore Google, but I can say that Procter and Gamble is in fact deploying internal social networking tools.

**Bill Shanklin:** But I mean, they have retained Google as their consultants, I understand.

**Dr. Marc Smith:** I don't know that for a fact. I do know that they've retained us as a consultant, so they are building tools internally.

**Bill Shanklin:** Ok.

**Stan Bergstein:** Bill, I want to throw it down to the floor here. I know we have limited time, and I think we had a comment to hear from down here. Anybody would like to comment or raise questions of anyone on the panel? Yes. Gail Cunard of the Hall of Fame and the Trotter and Racing Museum.

**Gail Cunard:** I have a couple of questions. Number one, I remember years ago there were chat rooms. Is this the same as a chat room? If it isn't, what's the difference?

**Steve May:** With the chat rooms, you have to be there. If we were online, this would be a chat room. With Facebook and with all these other technologies, you post a message there and someone an hour from now can go back and read that. So I guess that would be the major difference.

With things like Twitter, it's even more interactive now, it's closer to a chat room I would say because you post your update on there and you can actually have that sent via text message to a phone. I may have everybody in this room that I'm following on Twitter but I may only have three or four people that I say I want to get text messages from. So those are some of the differences. There are some features on Facebook where you can do chat room type things. If you see one of your friends on you can actually do chat with them on there. A lot of these sites now have voice and video options even, so it's even more interactive now where you can actually look at the person and talk to them over the Internet.

**Bill Shanklin:** Do you have to give somebody permission on Facebook to have them access your site?

**Steve May:** Yes.

**Bill Shanklin:** So if you went on and posted some family pictures, not everybody could get in there and view it, is that right?

**Andrew MacDonald:** There are multiple levels of access actually. You can give someone no permission to see any of your information or you can give them limited levels of permission where they can communicate with you and talk to you but maybe they can't see your pictures. Furthermore, you've got tagging within pictures so if you're tagged in a picture and you don't like that picture of you, you can remove yourself. So anybody who's typing in your name won't see that picture associated with it. Things like that.

**Bill Shanklin:** The last thing that I'd like to say is that I think that every racetrack and every organization like the Racing Hall of Fame, they ought to have their own blog, minimally. That's just my opinion; I don't know if these gentlemen agree.

**Steve May:** Well the blogs are only effective if you're going to get people there and you get people there by posting new and relevant content, so if you're just going to have a blog and you post once every three months, it's not very effective.

**Bill Shanklin:** I mean a good blog, an active blog.

**Steve May:** I'd say so at this point. That's really the media of the future I would say, and there's blogs that I check everyday and multiple times a day, and so if you have a good blog I think that is a very valid form of media at this point.

**Andrew MacDonald:** I generally agree with that. You've got to find out what's right for you. At Woodbine we do believe it's a way to increase participation and in some cases awareness and to build some loyalty. If people are coming back because they're interested in what you have to say, you still have a line of communication with them, which is a goal for us.

How we've chosen to do it is we've tried to use our personalities that they may be familiar with, we produce television channels, HPI which focuses on racing, as well as our network television and we use our hosts from that to conduct the blogs. So these are personalities that people are already interested in, already familiar with, hopefully respect their opinion and they add content, at least each commentator once a week. We just added that about six months ago and we get in the neighborhood of 1,400 views per week. So it is not huge, but it's certainly a way to keep people engaged. Where we're seeing it start to go, one of the commentators has done a great job in starting to involve the bloggers with what he is going to do on the television show. So there was a recent blog on nicknames in racing and how a few of the

contestants don't have one, and he encouraged his bloggers to come in and give him some nicknames for some of the drivers and he was going to use them on air, the ones that he thought were best. So it helped keep people in touch with our other product as well, our television medium, and they got the ability to participate through the blog and hopefully get mentioned on television and increase that kind of stickiness with us.

**Stan Bergstein:** Anyone else?

**Jack Schibrowsky:** My argument would be that that's a great way to create interaction, the question is that takes a whole bunch of time because somebody has to administer that, they've got to be looking. I mean, every message has to be screened on a blog because you've got to make sure that if you set up a bunch of rules you're adhering to those rules, those sorts of things. It just takes some time.

**Ed DeRosa:** Ed DeRosa, Thoroughbred Times, when I think of the Internet and what I use it for in racing the one word that comes to my mind is "information" which goes to the carryover Tweets that are sent out, things like that. Twitter's great because it's opt-in so anyone that follows you selected that, so you know you're getting an audience interested in what you have to say. The one disappointment, in this country anyway—when I look at BetFair and the information they provide on their Website in terms of market depth and history of wagers placed—I really wish our account wagering providers or tote companies or racetracks gave us more information online. I think that's the type of thing the big bettors would respond to and maybe bet a little more.

In this day and age I find it hard to believe that we can't access trifecta will pays or pick three will pays in the first leg of the race. If I'm on TwinSpires I should be able to plug in the sequence I want to bet and it should be able to spit out what the will pay is at that point in time. Those are the types of things. We talk about getting people to bet more or, as Nick said on the last panel, keeping racing bettors from going to poker, the slots, that's the type of information where if I had it at my fingertips I would be far less likely to spend my money at other pursuits. To the YouBets of the world, I would encourage you to look at Mac platforms. It's around, it's here to stay and you're losing a big segment of the market. Horseplayers are smart people which means I think a lot of them use Macs. So not having that platform, you're turning a lot of customers away.

**Stan Bergstein:** With that word from one of the leading working journalists in racing, I think we're going to have to move on to the next panel. I want to thank Bill Shanklin, Jack Schibrowsky, Andrew MacDonald and Steve May for their contributions to a very interesting session.